



Bridging Frontiers



CAL

CAPITAL ALLIANCE HOLDINGS LIMITED ANNUAL REPORT 2024 - 2025

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Bridging Frontiers

“The year 2024-2025 marks a defining moment in CAL’s journey, and we are proud to present our inaugural annual report.

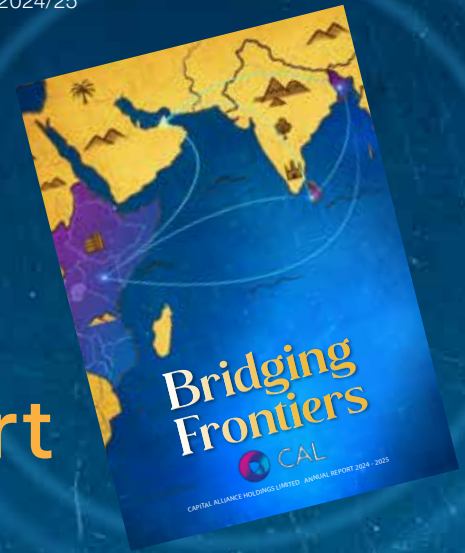
We are driven by our purpose of creating prosperity in frontier economies by unlocking the power of capital markets. Our ambition extends well beyond Sri Lanka as we seek to serve a population of hundreds of millions across multiple markets. We are guided by our values of integrity, dynamism, fairness and teamwork. We believe in creating differentiated, innovative financial products by leveraging on market insight and technology.

This Integrated Report captures the spirit of transformation. It is a reflection of how we convert vision to execution and impact, driven by strategy, ethics and ambition. From research to execution, our decisions are aligned with building long term value for our stakeholders.

We move forward with diligence, clarity and confidence to achieve our objectives. The coming years will see us creating new products, exploring new frontiers and using cutting-edge technology to deliver world class solutions to our customers. We hope you share our sense of excitement”.

Introduction to the Report

Welcome to Our 5th Integrated Annual Report



GRI - 2-1, 2-6

ABOUT OUR REPORT

Capital Alliance Holdings Limited (CALH) and CAL Group are honoured to present their 5th Integrated Annual Report and 4th Annual Report featuring the incorporation of Sustainability Reporting. This Integrated Annual Report marks Capital Alliance Holdings Limited's inaugural reporting cycle as a listed entity, following its successful listing on the Colombo Stock Exchange on 30th May 2025. It represents a significant milestone in our corporate journey, reinforcing our commitment to transparency, accountability, and value creation for our stakeholders.

The Independent Auditors' Report on the Financial Statements has been prepared in full compliance with all relevant statutory and regulatory requirements. The Company's Financial Statements received a certification from the Vice President – Finance and were reviewed and cleared for submission to the Board of Directors by the Board Audit Committee. The financial statements were subsequently approved by the Board of Directors on 27th August 2025.

Our integrated reporting approach has served as a comprehensive means of communicating the Company's and the Group's capacity since 2021 to create sustainable value for key stakeholders. This report has been prepared in accordance with IFRS Foundation's International <IR> Framework, and reflects the latest updates to the framework.

In addition, it aligns our financial and non-financial disclosures with the Global Reporting Initiative (GRI) Standards and incorporates the principles of the United Nations Sustainable Development Goals (SDGs) - a set of 17 global objectives aimed at advancing sustainable development. These reporting practices collectively mark our first formal step into Sustainability Reporting, reinforcing our commitment to transparency, accountability, and long-term stakeholder value.

REPORTING PERIOD AND BOUNDARY

GRI - 2-3

Capital Alliance Holdings Limited and its subsidiaries (collectively referred to as 'the Group') have prepared and issued this Integrated Annual Report with the objective of providing its stakeholders with a comprehensive and transparent account of the Group's performance, strategic direction, and future prospects for the financial year commencing on 1 April 2024 and ending on 31 March 2025. It corresponds with the Group's statutory financial reporting period. There have been no material changes to the scope or boundaries of reporting compared to prior periods. Where applicable, any reclassifications or restatements of comparative financial information have been clearly disclosed and explained in the relevant sections of this report.

In addition to the parent entity, Capital Alliance Holdings Limited, this report covers the operational and financial performance of the following subsidiaries within the Group, ensuring a comprehensive view of the Group's overall activities and value creation efforts:

Capital Alliance PLC	Capital Alliance Investments Limited	Capital Alliance Partners Limited	Capital Alliance Securities (Private) Limited
CAL Investment Consultancy FZ- LLC, UAE	Finnovation (Private) Limited	CAL Bangladesh Limited, Bangladesh	CAL Securities Limited, Bangladesh
CAL Investments Limited, Bangladesh	Fipbox (Private) Limited	Fixed Income Investment I (Private) Limited	Fixed Income Investment II (Private) Limited
Capital Alliance Advisory Services (Private) Limited			

Except where specifically indicated, the disclosures contained in this report pertain to the principal financial and non-financial matters relevant to the Company.

KEY REPORTING FRAMEWORKS

GRI - 2-27

Financial Reporting

- The Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS)
- Companies Act No. 7 of 2007 and amendments thereto
- Financial Transactions Reporting Act No. 6 of 2006 (FTRA)
- Listing Requirements of the Colombo Stock Exchange



Narrative Reporting

- IFRS Foundation's International <IR> Framework
- Guidelines for Presentation of Annual Reports 2025 issued by CA Sri Lanka.
- A Preparer's Guide to Integrated Corporate Reporting issued by CA Sri Lanka and the Integrated Reporting Council of Sri Lanka (IRCSL) Framework
- Non-Financial Reporting Guidelines issued by CA Sri Lanka



Sustainability Reporting

- Sustainable Development Goals (SDGs) - The UN initiative with 17 aspirational "Global Goals"
- Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards (GRI)
- The Non-Financial Reporting (NFR) Guidelines issued by CA Sri Lanka
- SLFRS S1 and S2 Sustainability Disclosure Standards
- Gender Parity Reporting Framework issued by CA Sri Lanka
- CSE Sustainability Reporting Guide
- IFRS Foundation's International <IR> Framework



Governance, Compliance & Risk Reporting

- Listing Rules of the Colombo Stock Exchange (CSE) and subsequent revisions to date
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including Directives and Circulars
- Code of Best Practices on Corporate Governance (2023) issued by CA Sri Lanka



Introduction to the Report

STATEMENT OF COMPLIANCE

GRI - 2-27

All financial and non-financial information disclosed in this report has been prepared in accordance with the applicable laws, regulations, and guidelines issued by the Central Bank of Sri Lanka, the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, the Securities and Exchange Commission of Sri Lanka, the Inland Revenue Department, and the Institute of Chartered Accountants of Sri Lanka.

MATERIALITY

GRI - 3-1, 3-2, 3-3

The concept of Materiality has served as the foundation for shaping the content of the Annual Report, where it is identified as those issues that substantively affect the Group's ability to create value over the short, medium, or long term, or that have the potential to influence the assessments and decisions of key stakeholders.

The Group adopts a double materiality approach, evaluating both the impact of external factors on our financial performance and the effects of our operations on stakeholders, society, and the environment. This approach ensures a comprehensive understanding of risks and opportunities from both a financial and sustainability perspective.

Our assessment places emphasis on financial materiality, which involves identifying factors that influence the Group's ability to create value. These include, but are not limited to, market volatility, changes in the regulatory landscape, and financial performance indicators. Impact materiality involves assessing the extent to which the Group's investment decisions and operational activities affect the environment, communities, and broader society. This evaluation considers both positive and negative impacts, reflecting our commitment to sustainable and responsible business practices.

Our materiality determination process follows a structured approach that incorporates stakeholder engagement, internal evaluations, and alignment with internationally recognised reporting standards to ensure the accuracy, relevance, and transparency of our disclosures.

Comprehensive information regarding our materiality assessment and the key material topics identified is provided in the Material Matters section on pages 48-57 of this report.

ASSURANCE

GRI - 2-5

The Board of Directors of Capital Alliance Holdings Limited holds ultimate responsibility for the integrity of this Integrated Annual Report. The Board affirms that the report for the financial year 2024/25 provides a comprehensive, balanced, and accurate representation of all material matters and the Group's performance over the reporting period.

The Group adopts a combined assurance model to ensure the reliability of information derived from both management and a range of internal and external sources. The Group's Compliance and Risk Function provides the Board with ongoing internal assurance through the execution of rigorous due diligence processes, which evaluate the effectiveness of the Group's financial, operational, compliance, risk management, and governance frameworks.

The Group's financial statements for the year ended 31st March 2025 have been independently audited by the external auditors, Messrs. KPMG, Chartered Accountants. Their Independent Auditors' Report is presented on pages 152-155 of this report. Limited Assurance on Integrated Reporting by Messrs. KPMG, Chartered Accountants (Page 229 to 231) and Limited Assurance on the specific Sustainability Indicators in the Integrated Annual Report by Messrs. KPMG, Chartered Accountants (Page 236 to 238) of this Annual Report.

FORWARD-LOOKING STATEMENTS

Forward-looking strategies and perspectives are articulated throughout this report in the appropriate sections, representing the views and intentions of Capital Alliance Holdings Limited at the time of publication. However, given the evolving nature of the Group's operating environment and the inherent uncertainties associated with future developments, actual results or actions may differ materially from those anticipated. Accordingly, readers are advised not to construe these forward-looking statements as guarantees of future performance or commitments to a specific course of action.

BOARD RESPONSIBILITY STATEMENT

The Board of Directors of Capital Alliance Holdings Limited assumes ultimate responsibility for the integrity and accuracy of this Integrated Annual Report. The Board confirms that the Report for the financial year 2024/25 appropriately addresses all material matters and provides a fair, balanced, and comprehensive account of the Group's integrated performance.

FEEDBACK AND FURTHER INFORMATION AND SUGGESTIONS

GRI - 2-3

We highly value your feedback, suggestions, and comments, as they are instrumental in continuously improving the clarity, relevance, and overall quality of our Annual Report.

Please direct your feedback to;

Mr. Nishantha Adhikari

Vice President - Finance

Capital Alliance Holdings Limited
Level 5, 'Millennium House',
46/58, Nawam Mawatha,
Colombo 02,
Sri Lanka.

Tel : (94) 11 2317777

Fax : (94) 11 2317788

Email : nishantha@cal.lk

Web : www.cal.lk

About Us

GRI - 2-1, 2-6

Who are we?

Capital Alliance Holdings Limited (CAL) is a fully integrated investment bank with a focus on building capital markets across frontier economies. Our commitment is rooted in developing a deep understanding of our clients' unique needs and the dynamics of the markets in which we operate. We deliver high-quality bespoke financial solutions, leveraging advanced technology to drive efficiency across capital markets with the broader objective of contributing to sustainable economic prosperity.

During its formative years, CAL strategically concentrated on establishing a strong foundation of corporate clients, while concurrently

developing its retail operations. This dual focus approach has, over the past 24 years, enabled CAL to cultivate a distinguished portfolio of corporate clientele. The success of this strategy has played a pivotal role in shaping the Group's current market position and contributing to its sustained achievements.

As CAL approaches its 25th anniversary since inception in October 2000, the Group reflects on a journey marked by consistent growth, strategic evolution, and deepening market expertise. Our expansion has been driven by a continuous commitment to enhancing industry-specific capabilities and diversifying our portfolio of investment solutions.

Over the past two and a half decades, CAL has established itself as a leading full-service investment bank in

Sri Lanka with a growing reputation in frontier markets. Our core competencies lie in the origination, trading, and investment of debt and equity securities in which we have systematically refined our expertise. This enduring trajectory reflects our steadfast dedication to delivering superior execution, producing insightful and pioneering research, and developing innovative financial products tailored to meet the evolving needs of our clients.

As we commemorate 25 years of service, CAL remains firmly focused on its aspiration to be the foremost provider of capital market solutions across emerging and frontier economies.

About Us

OUR VALUES

All our actions and decisions are guided by our core values of **Integrity**, **Dynamism**, **Fairness** and **Teamwork**.



The CAL Group comprises a Licensed Primary Dealer (CALT), a Licensed Stockbroker (CALS), an Asset Management Company (CALI) and dedicated Corporate Finance Advisory (CALP) and research divisions. By leveraging the collective strengths and synergies across these entities, CAL delivers integrated, client-centric solutions tailored to diverse financial needs. This strategic integration has positioned CAL as a leading and respected investment banking group within Sri Lanka's capital markets landscape.

The Primary Dealer arm was listed on the Colombo Stock Exchange (CSE) on 15th December 2021. Furthermore, the CAL Group had expanded into Bangladesh through the establishment of CAL Securities Limited, CAL Investments Limited and CAL Bangladesh Limited, and in UAE through CAL Investment Consultancy FZ-LLC. As part of its regional growth strategy CAL is actively pursuing plans to expand its footprint into Kenya, with the objective of establishing full fledged investment bank in the country.

OUR STRENGTHS

Extensive expertise and a demonstrated track record across all segments of the Sri Lankan financial markets.

A recognised market leader in Debt Capital Markets, Equity and Advisory, and M&A advisory services, underpinned by a proven and results-driven approach.

Strong and long-standing business relationships with a diverse client base, including major conglomerates, SMEs, family firms, foreign clients including many global investment banks and high-net-worth individuals.

"One firm" Approach.
"One stop" Solutions.

Our Vision, Mission, Purpose and Core Values

OUR PURPOSE

To create prosperity in the societies we operate in by unlocking the power of capital markets across frontier economies.

OUR VISION

To be the leading capital markets solutions provider in frontier markets.

OUR MISSION

To foster the development of capital markets as an efficient alternative to fulfil the banking needs of our customers.

OUR VALUES

Integrity

We only sell to our clients what we would sell to our family.

Dynamism

We are always only two years away from irrelevance.

Fairness

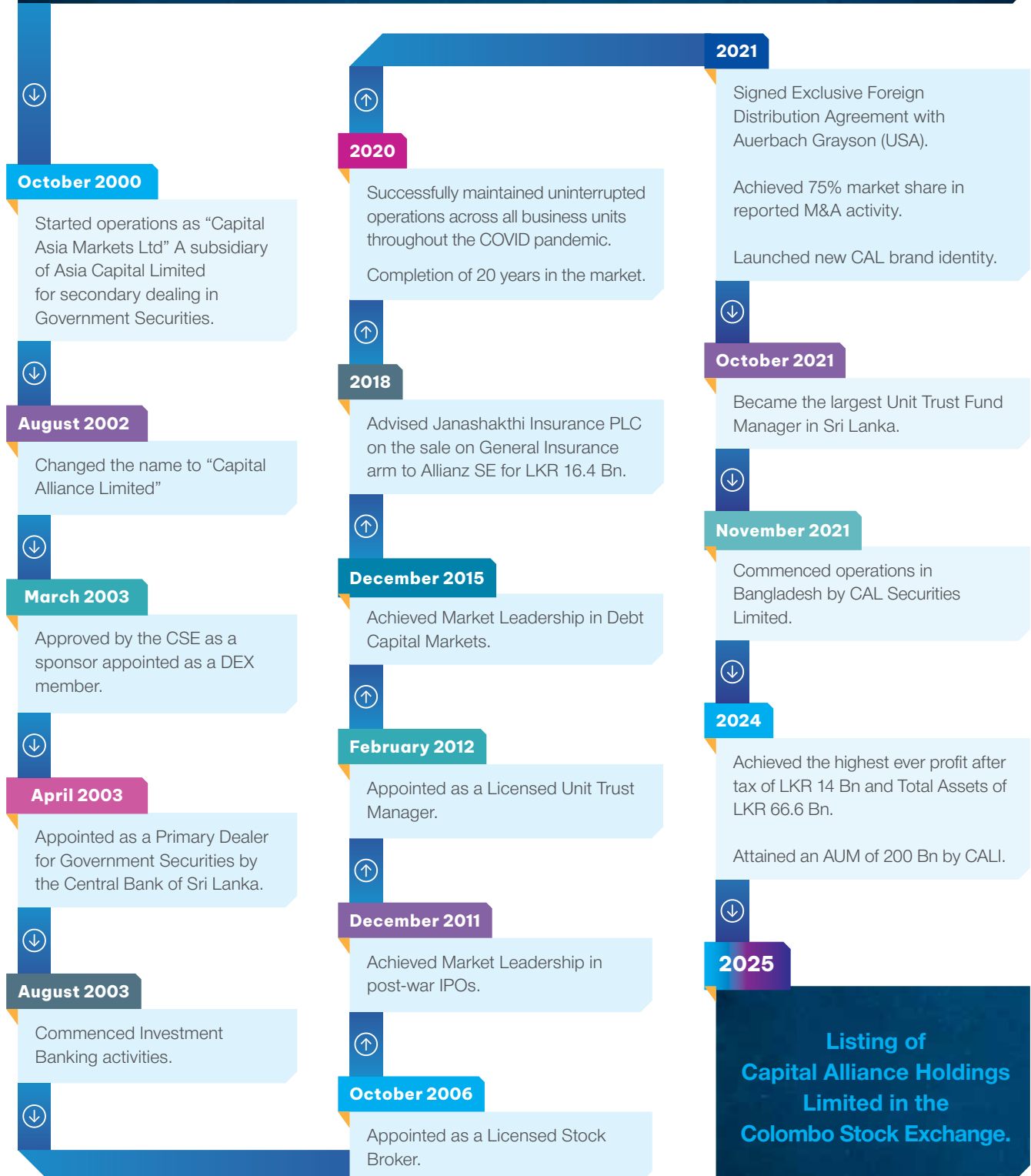
We hire for attitude and reward performance.

Teamwork

We are a star team, not a team of stars.

Our Journey

Capital Alliance (CAL), established in October 2000 as an institutional fixed income dealer, has maintained a steadfast commitment to transformation and growth. Over the years, the Group has strategically broadened its scope, evolving into a full-service investment firm that delivers comprehensive capital market solutions in Sri Lanka. CAL offers a diverse portfolio of investment opportunities, encompassing both equity and fixed income instruments. Our services are anchored by a dedicated financial advisory team with portfolio management, trading and research serving as the foundational pillars of our investment philosophy.



Our Markets and Services



Since its inception in 2000, the CAL Group has established a strong presence in Sri Lanka's capital markets. In 2021, the Group marked a significant milestone in its growth strategy by expanding internationally. This included the establishment of CAL Securities Limited followed by the formation of CAL Investments Ltd and CAL Bangladesh Ltd in Bangladesh, the CAL Investment Consultancy FZ-LLC in the United Arab Emirates. These strategic ventures reflect the Group's commitment to broadening its regional footprint while advancing toward its overarching objective of becoming the premier provider of capital market and solutions in frontier markets.

Our Markets and Services

GRI - 2-2

OUR OFFERINGS

Our customers form the cornerstone of our Company and are central to our business philosophy. Their continued trust and engagement drive us to elevate the quality of our services, fostering a culture of innovation and strategic thinking to address their evolving financial needs. Their influence plays a pivotal role in shaping our growth and service development, underpinning our commitment to value creation and sustaining the long-term success of the Company.

Sri Lanka	Bangladesh	UAE
Capital Alliance PLC (CALT)	CAL Securities Limited	CAL Investment Consultancy FZ-LLC
➔ Primary Dealing in Government Securities	➔ Stockbroking	➔ Investment Consultancy
Capital Alliance Partners Limited (CALP)	CAL Investments Limited	
➔ Corporate Finance and Advisory Services	➔ Corporate Finance and Advisory Services	
Capital Alliance Investments Limited (CALI)	CAL Bangladesh Limited	
➔ Asset Management ➔ Unit Trust Funds ➔ Private Wealth Management (PWM)	➔ Financial Consultancy	
Capital Alliance Securities (Private) Limited (CALS)		
➔ Stockbroking		

Awards and Accolades

Our unwavering commitment to excellence and maintaining our distinguished position as a leading investment banker in Sri Lanka has earned us numerous awards and accolades over the past twenty-four years.



Brand Finance - The Most Valuable and Strongest Sri Lankan Brands 2023

Top 100 most valuable Sri Lankan brands



CFA Capital Market Awards

2023

- Best Stockbroking Research Team
Gold Award
- Best Equity Research Report -
Silver Award

2022

- Best Research Team -
Gold Award
- Best Sector report -
Gold and
Bronze Awards



Best Equity Research Report



Silver and Bronze Awards

Annual Report Awards

2022

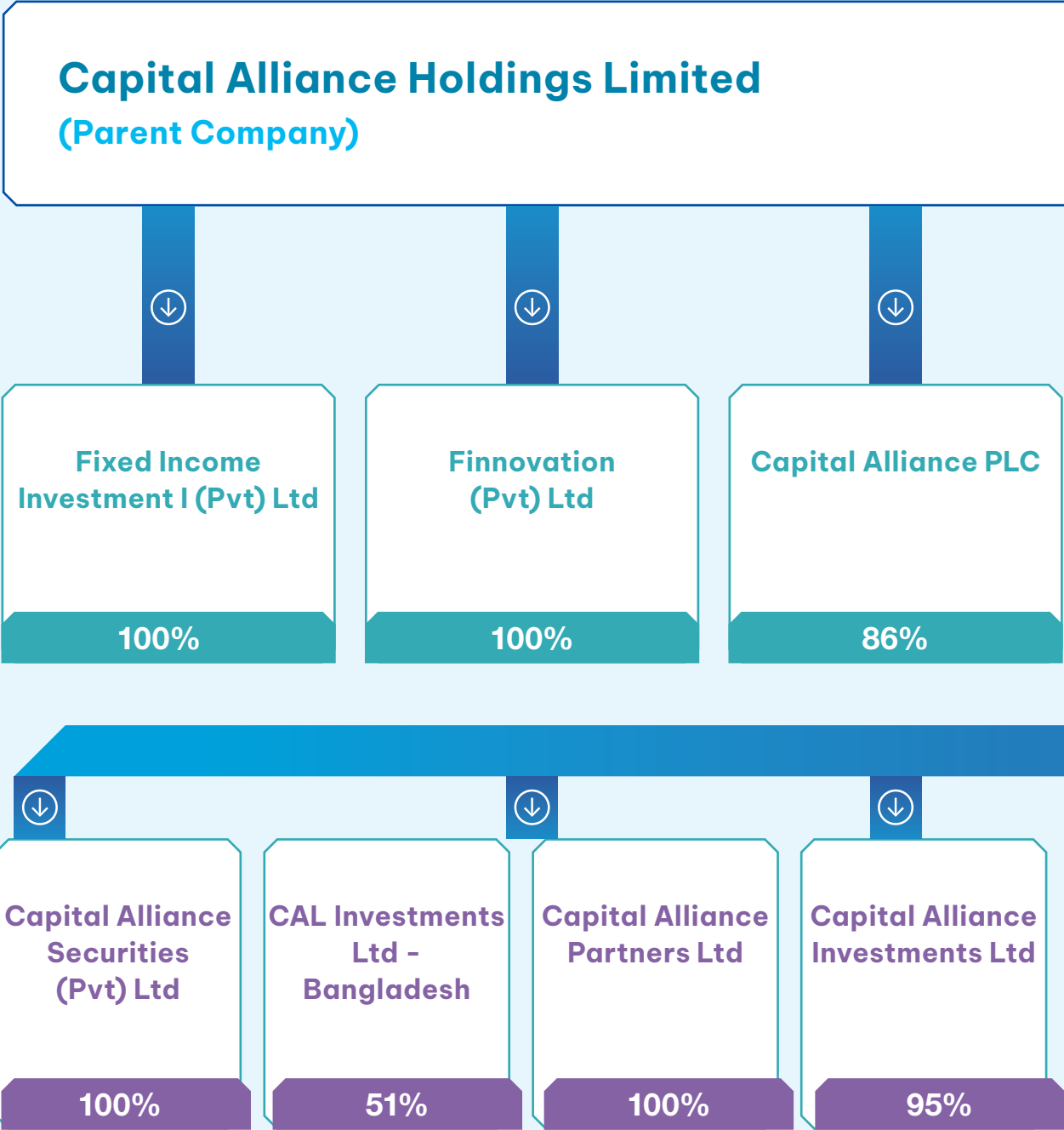
- Investment Banking Sector -
Gold Award
(Capital Alliance Holdings Ltd)
- Emerging Listed Companies -
Compliance Award
(Capital Alliance PLC)

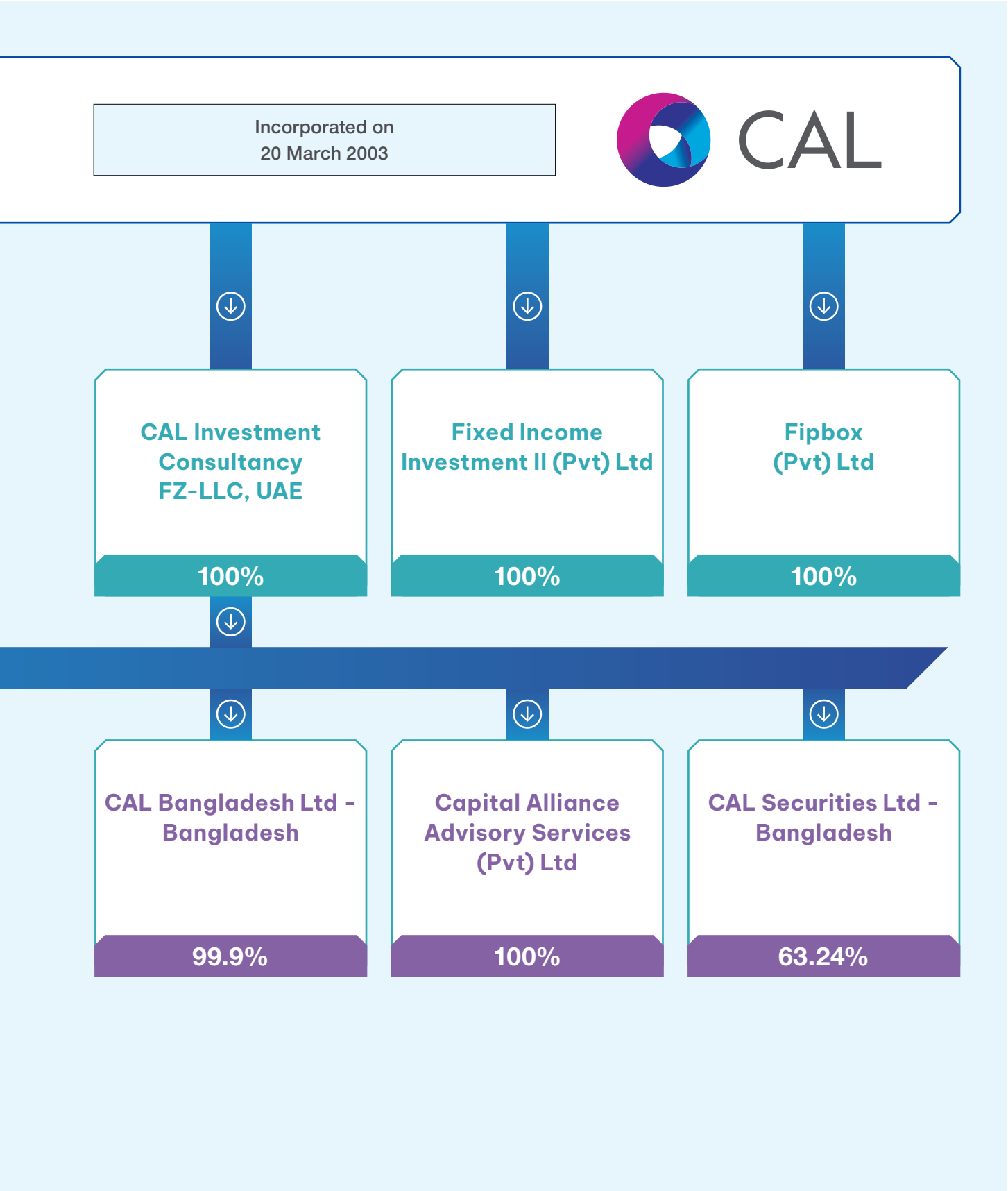
Most Respected Entities in Sri Lanka by LMD



CAL Group Structure

GRI - 2-2





Financial Highlights

For the Year	GROUP			COMPANY		
	2025 Rs.	2024 Rs.	Change %	2025 Rs.	2024 Rs.	Change %
Income	17,076,496,853	33,049,264,571	-48%	4,874,452,117	2,291,999,162	113%
Interest Income	9,336,579,641	10,741,758,453	-13%	4,020,806	76,988,878	-95%
Interest Expense	(5,968,794,003)	(6,759,307,512)	-12%	(31,576,797)	(176,518,025)	-82%
Net Interest Income/ (Expense)	3,367,785,638	3,982,450,941	-15%	(27,555,991)	(99,529,147)	-72%
Total Operating Income	11,049,243,416	26,221,204,926	-58%	4,842,875,320	2,115,481,137	129%
Total Expenses	(4,422,807,733)	(5,528,380,981)	-20%	(243,480,900)	(179,773,488)	35%
Operating Profit	6,626,435,683	20,692,823,945	-68%	4,599,394,420	1,935,707,649	138%
Share of Profit from Equity accounted Investee (Net of Tax)	-	21,070,301	-100%	-	-	
Profit Before Income Tax	6,626,435,683	20,713,894,246	-68%	4,599,394,420	1,935,707,649	138%
Income Tax (Expense)/ Reversal	(2,398,615,379)	(6,622,920,742)	-64%	(1,680,335)	864,576	-294%
Profit for the year	4,227,820,304	14,090,973,504	-70%	4,597,714,085	1,936,572,225	137%
Other Comprehensive Income / (Expense) for the year	(159,191,334)	(216,732,952)	-27%	903,034	(2,423,511)	-137%
Total Comprehensive Income for the year	4,068,628,970	13,874,240,552	-71%	4,598,617,119	1,934,148,714	138%
At The Year End						
Assets						
Financial Assets	111,114,150,369	65,836,676,476	69%	3,820,145,185	648,829,946	489%
Other Assets	657,173,030	754,077,931	-13%	1,938,857,612	2,346,256,912	-17%
Total Assets	111,771,323,399	66,590,754,407	68%	5,759,002,797	2,995,086,858	92%
Liabilities						
Financial Liabilities	88,766,192,758	41,876,734,791	112%	249,586,874	28,963,865	762%
Other Liabilities	2,410,629,454	5,205,730,647	-54%	14,384,605	27,521,226	-48%
Total Liabilities	91,176,822,212	47,082,465,438	94%	263,971,479	56,485,091	367%
Equity						
Equity attributable to Equity Holders of the Parent	18,065,589,266	16,590,937,102	9%	5,495,031,318	2,938,601,767	87%
Non-controlling interests	2,528,911,921	2,917,351,867	-13%	-	-	
Total Equity	20,594,501,187	19,508,288,969	6%	5,495,031,318	2,938,601,767	87%
Earnings per share (EPS) (Rs.)	1.88	6.93		2.40	1.18	
Net assets value per share (NAPS) (Rs.)	9.44	8.67		2.87	1.53	
Cost to Income Ratio (%)	40.03%	21.08%		5.03%	8.50%	
Return on Equity (ROE) (%)	21.08%	106.94%		109.03%	111.16%	
Return on Asset (ROA) (%)	7.43%	38.21%		105.08%	70.52%	
Debt to Equity (Times)	4.17	1.89		0.03	-	
Interest Yield (%)	11.35%	21.83%		-	-	
Interest Borrowing Cost (%)	9.64%	19.36%		34.57%	19.52%	
Interest Spread (%)	1.72%	2.47%		-34.57%	-19.52%	
Interest Cover (Times)	2.11	4.06		146.66	11.97	

TRANSLATING VISION INTO INSTITUTIONAL VALUE



Chairman's Review

GRI - 102-14

“From stabilization to sustainable growth:

A renewed commitment to Sri Lanka's future”.

The financial year 2024/25 has been one of renewed purpose for Sri Lanka. It marks a critical point in our national journey where early signs of recovery are gradually giving way to the foundations of long-term stability. The crisis that defined the years prior has not been forgotten, and its consequences still shape the day-to-day realities of many citizens and businesses. Yet, it is increasingly clear that Sri Lanka is beginning to emerge from its most difficult period with resilience, reform, and responsibility at the heart of its approach.

The government's continued commitment to a reform-oriented agenda has played a central role in this transformation. Economic stabilization remained a top priority throughout the year, with policy decisions focused on rebuilding credibility, restoring market confidence, and securing international support. Inflation, which had placed a heavy burden on households and enterprises alike, has declined significantly. The Central Bank of Sri Lanka (CBSL) maintained a measured monetary policy framework that helped to ease financial conditions while safeguarding price stability. This, in combination with a more stable exchange rate and rising external reserves, has brought a greater sense of predictability and structure to the economy.

Equally important has been the resolution of several high-stakes debt restructuring negotiations. Agreements with international bondholders and bilateral creditors, including key partners in Asia and beyond, represent a turning point in Sri Lanka's path toward fiscal sustainability. These developments have not only reduced the immediate pressure on government finances but have also created a more stable platform from which domestic investment and policy implementation can proceed. The credibility gained through these agreements has contributed to improved investor sentiment and greater engagement from international development partners.

The real economy has responded in turn. Tourism, one of Sri Lanka's most vital industries, continues to recover and now plays a renewed role in foreign exchange generation and employment creation. Infrastructure development, which had slowed significantly during the crisis period, is beginning to resume with greater discipline and strategic focus. Industries tied to exports and logistics are showing signs of expansion, supported by improved access to credit and more stable market conditions.

The labor market has also shown early signs of recovery. While structural challenges persist, particularly with regard to youth unemployment and gender disparities, job creation has improved in service-related sectors and in areas tied to the digital economy and small-scale enterprise. Continued investment in workforce development, vocational training, and entrepreneurship will be essential if this momentum is to be maintained.

It is important to acknowledge, however, that the progress made so far does not mean the country's challenges have been fully addressed. Poverty rates remain elevated, and inequality is widening in certain regions. Many Sri Lankans continue to experience reduced purchasing power and diminished access to social services. Fiscal space remains tight, and public institutions must work harder to regain the full trust

of citizens. If Sri Lanka's recovery is to evolve into long-term development, the emphasis must now shift from stabilization to inclusion. Economic growth must benefit a broader cross-section of society, and reforms must be designed with people at the centre.

Within this context, CAL has remained a steadfast institution, fully aligned with the national goal of building a more resilient and forward-looking economy. Throughout the year, we supported clients across sectors with timely insights, risk-managed investment solutions, and strategic advisory services. We continued to strengthen our role as a trusted partner in capital markets by fostering transparency, enhancing product diversity, and championing financial literacy. Our team demonstrated a high level of agility and discipline, ensuring that we remained responsive to market needs while staying anchored to our long-term objectives.

We also made meaningful progress in digital transformation, operational efficiency, and talent development. By leveraging technology and data, we improved the way we serve clients and make decisions. Our focus on continuous learning and leadership development has ensured that we are well-positioned to navigate emerging challenges and identify new opportunities.

Looking ahead, our ambition is to be more than a market leader. We aim to be a catalyst for positive economic transformation. We will continue to advocate for deeper, more inclusive capital markets. We will invest in the systems and platforms that support entrepreneurship, environmental sustainability, and digital innovation. Above all, we will remain committed to the values that have defined CAL since its inception - integrity, fairness, dynamism, and teamwork.



Mr. D. A. De Zoysa

Chairman

27th August 2025

Chief Executive Officer's Review

GRI - 102-14

“We seek to go beyond the shores of Sri Lanka, leveraging on technology to unlock business opportunities and value within our process flow. We will, however, remain focused on our core competence of generating market insight, and be guided by our values of integrity, dynamism, fairness and teamwork”.

I am pleased to present the Capital Alliance Holdings Limited annual report for the financial year 2024/25 - our first as a listed company. During the past year, your company made significant progress towards its strategic objectives, whilst recording a commendable financial performance and delivering strong results across its business lines.

The past year has seen consolidation and relative stability in the macro environment in Sri Lanka and Bangladesh. This stability creates space for hope and cautious optimism.

THE MACROECONOMIC LANDSCAPE

Following a largely self-inflicted financial crisis, Sri Lanka has undertaken critical, urgently needed, and laudable policy reforms - the most notable of which was the creation of an independent Central Bank with a mandate to target inflation. We expect the Government to continue its prudent policy stance. An extended period of prudent monetary and fiscal policymaking has the potential to transform the economic landscape of Sri Lanka, creating the space for business and the economy to thrive. It was heartening to see Sri Lanka uphold and improve its proud democratic tradition in the year under review, with free and fair elections followed by a peaceful and orderly transition of power.

The government's fiscal position is strong - with a healthy primary surplus. The absence of money printing has resulted in a strong balance of payments and allowed the CBSL to sustainably build reserves by purchasing, rather than borrowing, foreign exchange. The outcome has been falling interest rates and a stable currency - paving the way for future growth.

The year under review was historic for Bangladesh. Despite the heavy toll, Bangladesh achieved a change in Government, and an interim administration that has brought in a level of stability and continuity. Bangladesh did not go through the pain Sri Lanka went through and has not undertaken some of the difficult reforms needed to create long-term stability. But a prudent tightening cycle has created the conditions for lower inflation, stable currency and the potential for lower interest rates.

BUSINESS HIGHLIGHTS

CAL's total transaction footprint grew to over LKR 800bn for the year under review. It was notable that all of CAL's business lines recorded profitability in FY25. CAL's Bangladesh operations, which were established in FY22 and FY23, have shown promising signs of progress, and are now transitioning into profitability. The franchise in Sri Lanka continued to generate strong profits and cashflows, with significant market share gains across all our businesses.

Business highlights of the year include the listing of PickMe - the largest tech-sector company on the Colombo Stock Exchange (CSE). CAL was also the investment banker handling the de-listing of Expolanka which was at the time the largest company on the CSE by market capitalisation.

Chief Executive Officer's Review

CAL launched several new products during the year, including Sri Lanka's first listed Green Bond for DFCC, and the listing of Sri Lanka's largest closed end unit trust fund. CAL secured an early and profitable exit for its clients from a private equity position in the Colombo Coffee Company and Barista, bolstering CAL's credentials in the Private Equity sector, a new business area for the Group.

CAL Securities has doubled its market share in Sri Lanka in recent years, growing to become the second largest stockbroking firm in Sri Lanka by the end of FY25. Our broking team helped conclude several landmark transactions on the CSE.

CAL Treasuries continued its strong performance, establishing its position as Sri Lanka's largest non-bank Primary Dealer, delivering healthy profits despite a much smaller movement in interest rates compared to the previous years. CAL Investments has shown remarkable progress to manage assets of over LKR 240bn by the end of FY25, growing by over 10X over the span of five years.

STRATEGIC DIRECTION

CAL's purpose is to create prosperity in the societies we operate in by unlocking the power of capital markets. We believe this can be achieved by creating innovative products that help our clients allocate capital better, and developing cutting-edge methods to gain insight, helping price discovery happen faster in the markets we operate in.

Technology is therefore a key pillar of our Company strategy. In the year under review, your Company made significant improvements to the CAL Portal, which has grown to be an indispensable tool for our clients to access financial products. The CAL Portal is now used by over 50,000 clients, and has positioned CAL as one of the leading players in the retail

space for financial products in Sri Lanka. We aim to introduce the CAL Portal to Bangladesh with a gradual roll-out planned over the coming quarters. This offers a promising and scalable opportunity to address a vast market. The introduction of AnalytiCAL-a data analytics add-on to the CAL portal has further strengthened our digital service offering.

CAL has built a strong balance sheet with Net Assets of over LKR 20bn as of 31st March 2025. Such balance sheet strength makes CAL an outlier in the investment banking space in Sri Lanka. Combined with our financial expertise and structuring capability, this provides CAL with an opportunity to create a range of new products and market make across multiple asset classes. We expect proprietary trading across multiple asset classes to make up a larger portion of CAL's income in future periods.

Finally, we continue to look beyond Sri Lanka and Bangladesh in our quest to become a bridge across frontier markets. We have identified an addressable market with a combined population of over 750 Mn people and a combined GDP of over USD 1 trillion, which CAL aims to establish operational presence in.

CAL is a knowledge business built around our people and their competencies, and I am pleased to note that we continue to be a magnet for great talent - especially in Sri Lanka. The past year has seen several key additions to the team at a senior level. It is particularly heartening that the brain drain we saw in Sri Lanka in the immediate aftermath of the financial crisis appears to have reversed, with talent choosing to return to a more stable and livable country. As we expand internationally, focus will also be given to making our team more diverse and multicultural, looking beyond Sri Lanka for top talent.

LOOKING AHEAD

We are optimistic about the road ahead. CAL has a strong foundation- operationally, financially and in terms of strategic positioning-which we can leverage on for aggressive value creation in the coming years. We seek to go beyond the shores of Sri Lanka, leveraging on technology to unlock business opportunities and value within our process flow. We will, however, remain focused on our core competence of generating market insight, and be guided by our values of integrity, dynamism, fairness and teamwork.

I would like to take this opportunity to thank all our stakeholders. Our investors, who enthusiastically participated in the CAL IPO. Our Board, who have offered steadfast support to me and my team, dispensing sound advice and invaluable strategic guidance. Our customers, who continue to place their trust in us. And perhaps most importantly, the world-beating team at CAL, who consistently find ways to turn challenges into opportunities and uncertainty into profits. We look forward to an exciting journey ahead.



Mr. K. P. Mannakkara
Chief Executive Officer

27th August 2025

Board of Directors

The Board of Directors of Capital Alliance Holdings Limited comprises nine (09) : five (05) Non-Executive Non-Independent Directors and four (04) Non-Executive Independent Directors during the financial year ended 31st March 2025.

Dinesh De Zoysa

Chairman,
Non-Executive
Non-Independent Director

Mr. De Zoysa has been a Director since 2003 and currently serves as the Chairman of Capital Alliance Holdings Limited and Capital Alliance PLC.

Mr. De Zoysa serves as the Managing Director of Associated Electrical Corporation Ltd, bringing with him over three decades of extensive experience in the industry. He also holds directorships on the boards of several prominent companies with business interests spanning risk and insurance broking, hospitality and travel services, real estate development, human resource consulting.

Mr. De Zoysa is a trustee and Board member of Musaeus College, Colombo. He holds a Bachelor of Business (Finance and IT) from the University of Technology, Sydney, and an MSc in Insurance and Sustainable Risk Management from Glasgow Caledonian University, London.

Membership of Board Subcommittees:

- ➔ Member of Remuneration Committee
- ➔ Member of Risk Management Committee
- ➔ Member of Audit Committee (Resigned w.e.f. 1 January 2025)
- ➔ Member of Nominations Committee

Other Directorships Held:

Associated Electrical Corporation Ltd, Capital Alliance PLC, A E C Properties (Pvt) Ltd, Commercial Agencies (Ceylon) (Pvt) Ltd, Ajita De Zoysa and (Company) (Pvt) Ltd, ADZ Insurance Brokers (Pvt) Ltd, Corporate Druids (Pvt) Ltd, UGA Escapes (Pvt) Ltd, Wizard Entertainment (Pvt) Ltd, Aurora Amicitia (Pvt) Ltd, Granite Capital (Pvt) Ltd, SLT Campus (Pvt) Ltd, Tempest Two (Pvt) Ltd, Park Street Social (Pvt) Ltd, Pepper Life (Pvt) Ltd, Finco Holdings (Pvt) Ltd and Trusted Door (Pvt) Ltd, Associated Resort Developers (Private) Limited, Jungle Beach Resort (Private) Limited, Uga Escapes Colombo (Private) Limited, Uga Escapes Hatton (Private) Limited, Uga Escapes Management (Private) Limited, Uga Escapes Negombo (Private) Limited, Uga Escapes Sigiriya (Private) Limited, Uga Escapes Yala (Private) Limited, Ulagalla Walawwa Resort (Private) Limited, Yala Holiday Resorts (Private) Limited

Ajith Fernando

Non-Executive Non-Independent Director

Mr. Fernando has served in the Board since founding the Company in October 2000. He has over 30 years of experience in the Primary Dealing industry. Mr. Fernando also serves as the Chairman of Logicare (Private) Limited, CAL Securities Limited (Bangladesh), Sri Lanka Technology Campus (Pvt) Ltd, and as the Managing Director of Ceylon Tea Brokers PLC. He is a Fellow Member of the Chartered Institute of Management Accountants (UK) and holds an MA in Financial Economics from the University of Colombo.

Other Directorships Held:

Ashtthi Holdings (Pvt) Ltd, Capital Alliance PLC, CAL Bangladesh Limited, CAL Investment Consultancy FZ-LLC, CAL Securities Limited, Ceylon Tea Brokers PLC, Logicare (Pvt) Ltd, ADZ Insurance Brokers (Pvt) Ltd, The Metal Factor, Sri Lanka Technology Campus (Pvt) Ltd, Rockland Distilleries (Pvt) Ltd and Hemas Holdings PLC.

Membership of Board Subcommittees:

- ➔ Member - Remuneration Committee

Board of Directors

Raju Arasaratnam

Non-Executive Non-Independent Director

Mr. Arasaratnam hails from the field of Accountancy prior to embarking on a career in the Travel Trade and counts over 40 years of experience in the field of Travel, Tour Operations, and other Travel Related Fields. Mr. Arasaratnam is an Executive Director of Jetwing Travels. He specializes in the marketing functions of the Group.

Other Directorships Held:

Capital Alliance PLC, Jetwing Travels (Pvt) Ltd, Jetwing Air (Pvt) Ltd, Jetwing Eco Holidays, Go Vacation Sri Lanka, Total Holiday Options

Sanjeewa Anthony

Non-Executive Non-Independent Director

Mr. Sanjeewa Anthony is an Attorney-at-Law of the Supreme Court of Sri Lanka, Notary Public, Commissioner for Oaths and a Registered Company Secretary. He is also a Fellow Member of the Chartered Institute of Management Accountants (FCMA) the UK, Chartered Global Management Accountant (CGMA), an Associate Member of the Institute of the Chartered Accountants of Sri Lanka (ACA) and a Fellow Member of Certified Professional Managers (FCPM). He commenced his career at PricewaterhouseCoopers prior to joining Jetwing Hotels Limited as a Finance Manager in 1996 and is currently an Executive Director. He is also serving on several Directorates including two Publicly Quoted companies. He is a Life Member of the Bar Association of Sri Lanka ("BASL").

Membership of Board Subcommittees:

- ➞ Member of Audit Committee
- ➞ Member of Related Party Transactions Review Committee
- ➞ Member of Risk Management Committee

Other Directorships Held:

Jetwing Hotels Limited, The Lighthouse Hotel PLC, Negombo Landmark (Pvt) Ltd, The First Resort (Pvt) Ltd, Jetwing Eco Holidays (Pvt) Ltd, Jetwing Relief Fund (Guarantee) Ltd, Ranagala Hotels (Pvt) Ltd, Jetwing Kiwi Ltd, Jetwing Kiwi Management Ltd, Thaladena Villas (Pvt) Ltd, Jetwing Zinc Journeys Lanka (Pvt) Ltd, Jetwing Kaduruketha (Pvt) Ltd, Jet Enterprises (Pvt) Ltd, Capital Alliance PLC, Jetwing Academy (Pvt) Ltd.

Shiromal Cooray

Non-Executive Non-Independent Director

Ms. Shiromal Cooray is the Chairman and Managing Director of Jetwing Travels (Private) Limited, one of the leading destination management companies in Sri Lanka. She is also the Chairman of Jetwing Hotels Limited, the premier hospitality brand of Sri Lanka with effective from October 2018. With diverse experience in a number of industries, Shiromal also holds other directorates in hotels, finance, investment banking, commodity brokering, commercial banking and insurance.

Hailing from a background in finance and management, Shiromal holds an MBA from the University of Colombo, is a Fellow Member of the Chartered Institute of Management Accountants UK, and a former Finance Director of J. Walter Thompson Ltd (Colombo) along with work experience in the UK and Hong Kong. She is the past Chairman of the Sri Lanka Institute of Directors (SLID) and past President of the Sri Lanka Association of Inbound Tour Operators.

Other Directorships Held:

Negombo Hotels Ltd, Jetwing Hotels Ltd, Jetwing Travels (Pvt) Ltd, Jetwing Hotels Management Services (Pvt) Ltd, The Lighthouse Hotel PLC, Jetwing Air (Pvt) Ltd, Yarl Hotels (Pvt) Ltd, Lanka Houseboat (Pvt) Ltd, Jetwing Symphony PLC, Jet Enterprises (Pvt) Ltd, Go Vacations Lanka (Pvt) Ltd, Ceylon Tea Brokers PLC, Commercial Bank of Ceylon PLC, Allianz Insurance Lanka Ltd, Allianz Life Insurance Lanka Ltd, Saman Villas Ltd, CAL Investments Limited

Membership of Board Subcommittees:

- ➞ Member of the Remuneration Committee

Jeevan William**Non-Executive Independent Director***

Mr. William counts on more than 27 years of investment banking and capital market experience in senior positions with leading global investment banks including Bank of America and Morgan Stanley, in London, San Francisco, Hong Kong and Sydney. His extensive industry-expertise and global outlook fittingly complements and reinforces CAL's superior reputation and leading market position in Corporate Finance, Advisory, Debt Capital Markets and Funds Management.

Other Directorships Held:

Granite Capital (Pvt) Ltd, Fortude (Pvt) Limited, The Risk Board, Brandix Lanka Ltd, Magma Capital Partners (Principal)

Membership of Board Subcommittees:

- ➞ Chairman of the Risk Management Committee (Group)

** Mr. William, who was appointed to the Board of Capital Alliance Holdings Limited on 8th August 2016 as an Independent, Non-Executive Director, will cease to be classified as an Independent, Non-Executive Director with effect from 8th August 2025.*

Rajitha Jayasuriya**Non-Executive Independent Director**

Ms. Rajitha Jayasuriya is the Director Corporate Affairs for MAS Holdings (Pvt) Ltd, Sri Lanka's leading apparel tech conglomerate providing concept to deliver solutions for the world's leading apparel brands. She is also a Director of MAS Capital (Pvt) Ltd, MAS' independent not-for-profit organisation - The Foundation for Change and is a member of MAS' Sustainability Advisory Council.

An Attorney-at-Law by profession, Ms. Jayasuriya holds a Master of Laws (LL.M) from Monash University Melbourne, Australia, specializing in Corporate and Commercial Law and is an alumnus of the Stanford University Business School as well as the National University of Singapore Business School.

Other Directorships Held:

MAS Capital (Pvt) Ltd and MAS Intimates Kenya.

Membership of Board Subcommittees:

- ➞ Chairperson of Nominations Committee
- ➞ Member of the Remuneration Committee

Kasturi Chellaraja**Non-Executive Independent Director**

Ms. Kasturi Angela Chellaraja is the Chief Operating Officer (Head of APAC) at 5hour International Corporation. With over three decades of leadership experience, she previously spent 22 years at Hemas Holdings PLC, where she held multiple senior roles and served as Group CEO from 2020 to 2024, becoming the first female CEO of a listed conglomerate in Sri Lanka.

She currently serves as a Non-Executive Director on several prominent Boards, including National Development Bank PLC and Senkadagala Finance PLC. In recognition of her contributions to business and leadership, Kasturi was named a Top Woman Change-Maker by the Sri Lankan Parliament in 2019 and received the Business Leader of the Year award at the SAP Dare to Dream Awards in 2023.

A Fellow Member of CIMA and an alumna of Harvard Business School, Kasturi began her career in 1988 as an Audit Trainee at Someswaran Jayawickrema & Co (now Deloitte). She joined Hemas in 2002 and went on to lead key business verticals, including Pharmaceuticals & Diagnostics and Mobility.

Other Directorships Held:

National Development Bank PLC, Ceylon Chamber of Commerce, Mercantile Services and Provident Society, (Committee Member) Senkadagala Finance PLC

Membership of Board Subcommittees:

- ➞ Member of the Audit Committee
- ➞ Chairperson of the Remuneration Committee
- ➞ Chairperson of Related Party Transactions Review Committee
- ➞ Member of Nominations Committee

Board of Directors

Thusitha Perera

Non-Executive Independent Director

Ms. Thusitha Perera has many years of local and international experience in International Finance, managing Global Business Services, Financial Planning, Business Development and People Development. She counts 23 years of experience with two global multinationals of Holcim and Michelin. She held multiple international roles at Holcim, namely Commercial Controller in Australia, Regional Controller based in Switzerland for South-east Asia (in Indonesia, Vietnam and Thailand) and Finance Director in Philippines.

Her most recent role was the CFO/ Executive Director of Michelin Lanka Pvt Ltd until August 2024. She also currently serves on the Board of Hemas Holdings PLC as an Independent Non-Executive Director.

Thusitha Perera is a member of CPA Australia and holds a Master's Degree from QUT Australia on International Business.

Other Directorships Held:

Hemas Holdings PLC, Vividha Options Pvt Ltd, Multiplus Pvt Ltd, Avinya Foundation

Membership of Board Subcommittees:

- Chairperson of the Audit Committee
- Member of Related Party Transactions Review Committee

Senior Leadership

Kanishke Mannakkara

**Group Chief Executive Officer -
CAL Group & Chairman -
Capital Alliance Investments Limited**

Mr. Kanishke Mannakkara is the Group Chief Executive Officer and Chairman of Capital Alliance Investments Ltd. He has over 20 years' experience in capital markets. He has been with CAL since April 2018. Prior to that, he served in a number of positions at the MAS Group in Sri Lanka and the UK over 12+ years, including as the global head of corporate finance, treasury and strategy. Kanishke holds a BSc (Hons) degree in Economics and Finance from the University of Bristol, UK.

**Mr. Mannakkara has been appointed as an Executive Director of Capital Alliance Holdings Limited w.e.f. 24th July 2025.*

Sharmali Perera

**Chief Risk & Compliance Officer -
CAL Group**

Mrs. Sharmali Perera is the Chief Risk & Compliance Officer of the CAL Group. A founding member since 2000, she has over 24 years' experience in the financial services industry. She previously held roles at Hatton National Bank, Seylan Merchant Bank and Vanik Incorporation. Sharmali is an Associate Member of CIMA (UK) and serves on the Boards of Ceylon Tea Brokers PLC, Finnovation (Pvt) Ltd, Capital Alliance Partners Ltd, Capital Alliance Securities (Pvt) Ltd, CAL Investments Ltd, Bangladesh, Logicare (Pvt) Ltd, Capital Alliance Investments Limited, and Capital Alliance Advisory Services (Pvt) Ltd.

Deshan Pushparajah

**Managing Director / Country Head -
CAL Bangladesh**

Mr. Deshan Pushparajah is the Managing Director and Country Head of CAL Bangladesh. He is also the Managing Director of Global Markets overlooking the overseas expansion and market presence. He has 18 years' experience in investment banking, specialising in capital markets, research and M&A, and has been with CAL since 2007. Deshan is a CFA charterholder and holds a BSc in Applied Accounting from Oxford Brookes University, UK. He is also a Fellow of ACCA (UK) and CIMA (UK).

He serves on the Boards of several Group and associate companies, including CAL Bangladesh Limited, CAL Securities Limited (Bangladesh), CAL Investment Consultancy FZ LLC (UAE) and Capital Alliance Securities (Pvt) Ltd.

Lahiru Ariyaratne

**Chief Growth Officer - CAL Group &
Chief Executive Officer - Capital Alliance
Securities (Private) Limited**

A Registered Investment Advisor and a key player with over 15 years of expertise in Stock Brokering, Mr. Ariyaratne joined the team as the CEO of Capital Alliance Securities (Private) Limited and Chief Growth Officer for CAL Group.

He holds a BA (Hons) in Business Studies from the University of Wales Institute, Cardiff and a Masters in Financial Economics from the University of Colombo.

Mr. Ariyaratne has both local and international exposure to business operations and he is a former employee of Asia Securities Pvt Ltd, DSG Retail Limited – UK, Morratt Group – UK and Arif Habib Investments Limited – Pakistan.

Nishok Goonasekera

**Chief Executive Officer -
Capital Alliance Partners Limited**

Mr. Nishok Goonasekera is the Chief Executive Officer of Capital Alliance Partners Limited. He has over 15 years' international experience in global fixed income markets, having held senior roles at J.P. Morgan and Morgan Stanley in London, Singapore and Hong Kong. Nishok holds a Bachelor's Degree in Computer Engineering from Imperial College, London, and has been licensed in Fixed Income Securities & Derivatives in the UK, Singapore and Hong Kong.

Tharindra Kulasinghe

Chief Information Officer - CAL Group

Mr. Tharindra Kulasinghe is the Chief Information Officer of the CAL Group. He leads the Group's technology strategy, digital transformation and product development initiatives.

Tharindra holds an MEng in Mechanical Engineering & Business Management, a BEng in Mechanical Engineering and is a PRINCE2 Project Management Professional. He has previously worked at MillenniumIT (now LSEG Technology) and Brandix i3 (now Fortude). He also serves as a Director of Fixed Income Investment I (Pvt) Ltd, Fixed Income Investment II (Pvt) Ltd and Finnovation (Private) Limited.

Udeeshan Jonas

Chief Strategist, CAL

Mr. Udeeshan Jonas is the Chief Strategist of the CAL Group. He has been with CAL since 2011, previously serving as Head of Research at CAL Securities and as a fund manager at CAL Investments. Udeeshan is a CFA charterholder and an Associate Member of CIMA (UK). He holds a Bachelor of Business from Edith Cowan University, Australia, and serves on the Boards of Capital Alliance Partners Ltd, Finnovation (Pvt) Ltd and Capital Alliance Advisory Services (Pvt) Ltd. He oversees the Group Finance function.

Anushi Jayasinghe

**Chief Human Resources Officer - HR -
CAL Group**

Ms. Anushi Jayasinghe serves as the Chief Human Resources Officer of the CAL Group. Her career spans senior leadership roles at MAS Holdings, Heineken Lanka Ltd, and Hela Apparel Holdings. Ms. Jayasinghe is a Fellow Member of CIMA (UK), and holds a MBA in Human Resources from the University of Colombo.

Sanura Silva

**Chief Executive Officer -
Capital Alliance PLC**

Mr. Sanura Silva is the Chief Executive Officer of Capital Alliance PLC, which manages both Fixed Income and Equity proprietary portfolios and client investments in Government Securities. Sanura holds a Bachelor and Master of Science from the University of Melbourne, is a registered Investment Advisor with the SEC of Sri Lanka and has passed CFA Level 2.

Risk Management

GRI - 201-2, 205 -1, 207-1, 207-2

RISK MANAGEMENT REPORT

In today's dynamic environment, marked by increasing regulatory requirements, changing consumer behaviors, emerging competitors, and innovative technologies, our risk management approach emphasizes both individual responsibility and collective oversight. We strengthen this approach through meticulous reporting, ensuring effective monitoring and mitigation of all significant risks within the Group's scope.

ENTERPRISE RISK MANAGEMENT (ERM)

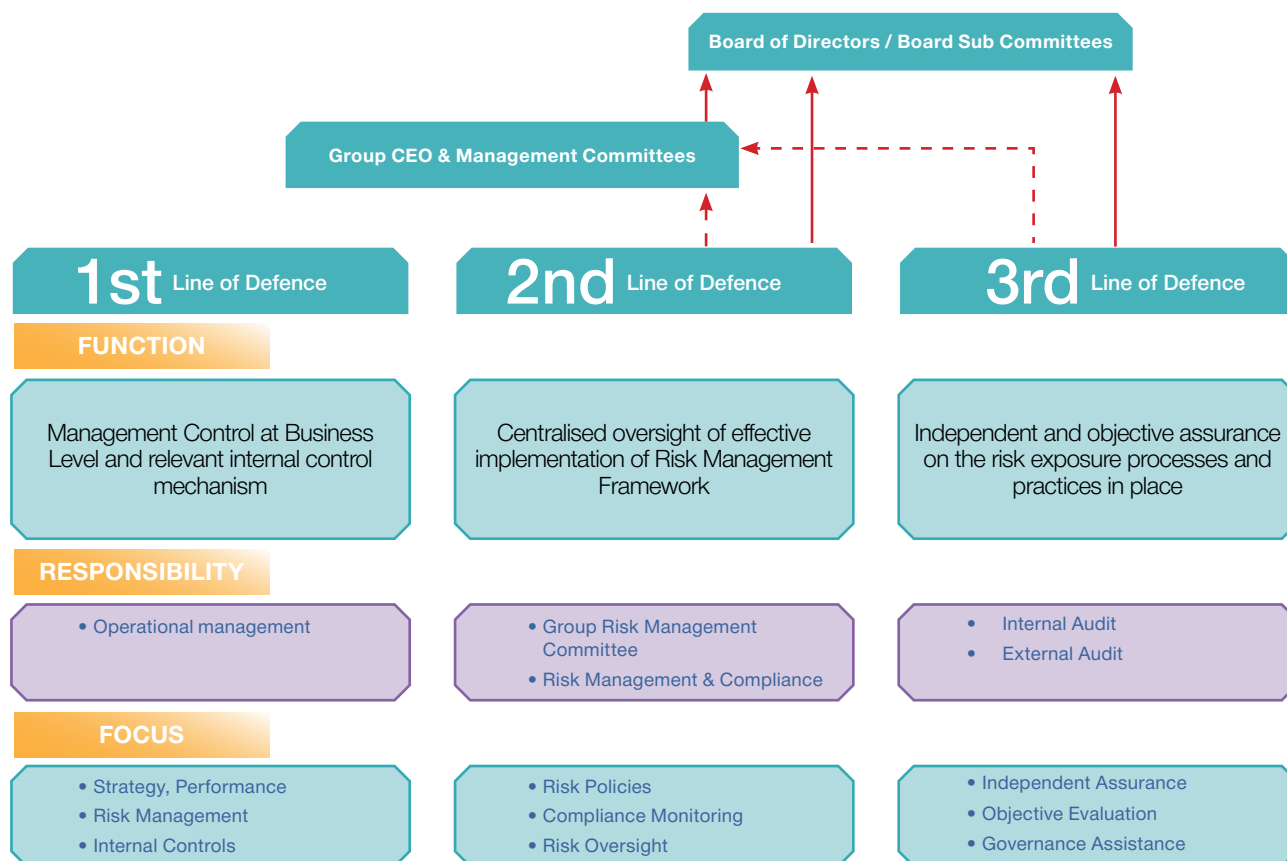
To achieve its risk management goals, the Group has developed a comprehensive and precisely defined risk strategy based on the Enterprise Risk Management (ERM) policy. This strategy focuses on key value drivers such as financial and earnings stability, regulatory compliance, governance, reputation and brand, business continuity, health and safety, and employee satisfaction.

Our ERM framework is built on a structured sequence of four stages. It begins with Risk Identification and progresses to Risk Validation, involving Business Units through the annual Risk Control Self-Assessment (RCSA). Each business unit and department identify risks, which are then consolidated by the Risk and Compliance unit. These identified risks are reviewed and validated by the Group Executive Committee. Once validated, the risks are aligned through the Risk Normalization process, assigning specific ownership and management responsibilities. The final phase, Risk Presentation, involves ongoing monitoring and reporting to ensure robust governance and comprehensive control.



THREE-LINES-OF-DEFENCE MECHANISM

The ERM Framework is operationalised on a day-to-day basis, through the three-lines-of-defence mechanism.



First Line of Defence

The first line of Defence consists of our employees and their unit leaders, who are responsible for day-to-day risk management. They operate in accordance with the policies, Directives, and Guidelines approved by the Board.

Second Line of Defence

The second defensive layer comprises both the Group Risk Committee and the Risk and Compliance Unit.

Third Line of Defence

The third safeguard is established through the Internal Audit function, which operates under the oversight of the Board Audit Committee. As the third line of Defence, the Internal Audit function provides independent assurance by evaluating and improving the effectiveness of risk management, control measures, and risk governance processes across the Group.

Risk Management

RISK GOVERNANCE



Role of the Board

The CAL's Board has assigned the Group Risk Committee to oversee CAL's risk and compliance matters, while the ultimate responsibility for Risk Management rests with the Group's Board of Directors.

Risk Management Committee

To support its risk management responsibilities, the Board has appointed the Board Risk Committee. Group-level Risk Management Committee is actively monitoring risk issues and ensuring that companies maintain adherence to the risk parameters set by the Board of Directors.

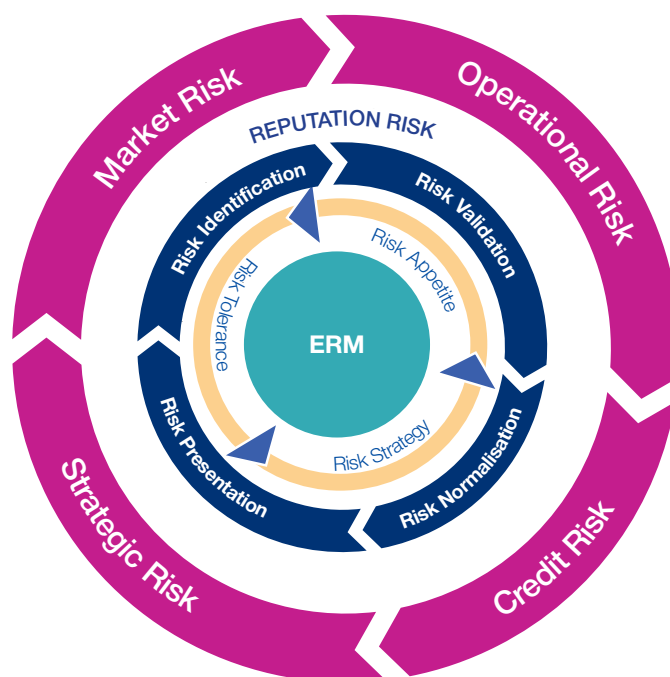
Risk and Compliance Unit

The Risk and Compliance Unit (RCU) plays a pivotal role in implementing the comprehensive ERM framework. In this capacity, the RCU oversees the identification, assessment, and management of all significant risks across the Group, aligning these activities with the risk management directives established by the Board. As custodian of the Risk Registers, the RCU monitors and reports changes in the Group's overall risk profile. Quarterly meetings are conducted to review the Risk Registers and address any deviations in coordination with the Group's Executive Committee. Thereafter, it is reported to the Risk Committee on a quarterly basis.

Aligned with its business model and the strategic objectives outlined by the Board of Directors, the CAL Group manages risks. In today's dynamic environment marked by increasing regulatory requirements, evolving customer behaviors, emerging competitors, and new technologies, our risk management approach emphasizes both individual accountability and collective oversight. This is reinforced by robust reporting mechanisms to ensure thorough monitoring and effective management of all significant risks within the Group's risk framework.

RISK APPETITE

The Group's willingness to accept risk in pursuit of its strategic goals, based on its core value drivers, is termed its risk appetite. This defined Risk Appetite provides guidance for decisions regarding how risks are strategically and operationally managed. Internally, it enables the Central Enterprise Risk Management Division to assess the Group's overall risk tolerance and adjust risk levels across the organisation.



RISK STRATEGY

The Group's Risk Strategy focuses on establishing structured mechanisms to meticulously identify risks and leverage potential opportunities that arise from them. This approach aims to mitigate and minimize the adverse effects associated with identified risks. It is implemented by integrating risk management into business operations and strategic decision-making processes.

TYPES OF RISKS FACED BY THE GROUP



Risk Management

MARKET RISK

Market risk encompasses the potential for financial instrument value fluctuations due to shifts in market variables like interest rates, exchange rates, equity prices, and commodity prices.

Interest Rate Risk

The risk is that unforeseen changes in interest rates could affect the prospects of the business. Based on the risk appetite and the company has established risk limits to monitor interest rate risk.

Cut Loss Policies

It maintains a limit in terms of maximum loss a portfolio can undergo. Every trading position taken by the company will have a cut loss limit earmarked which ensures the maximum loss the Company will incur when a trading position is capped.

Value at Risk (VaR) limit

VaR (Value at Risk) is a quantitative model that predicts the potential loss a portfolio may experience with 95% probability within a limit set by the Board of Directors. Hence, in a worst-case scenario with a 95% confidence level, there is a predefined maximum amount of money that could be lost. This measure is monitored daily by both the Dealing team and management.

Target Duration and Convexity

The portfolio's duration is determined by the maturity profile of Treasury bills and bonds held within it, adjusted according to the current interest rate expectations. Bonds with longer maturities pose greater interest rate risk, necessitating careful consideration of the average duration of the portfolio to effectively manage and spread this risk. This risk is mainly applicable to CALT.

Scenario analysis limits

CAL effectively assesses market conditions using historical data and market insights from the Data Systems. This enables informed decisions regarding the outlook on interest rates.

The strategy for managing interest rate risk relies on ongoing surveillance, supported by thorough research and statistical modelling, Risk Dashboards, which display risk thresholds associated with trading limits, are updated daily and presented quarterly to the Board Risk Committee. Furthermore, oversight of interest rate risk includes post-decision reviews and guidance from the Board Risk Committee, ensuring robust long-term risk management.

Liquidity Risk

Liquidity Risk refers to the possibility of not being able to meet payment obligations promptly or incurring excessive costs to do so. The Company addresses this risk through a trading policy approved by the Board. This policy sets specific thresholds for metrics such as Value at Risk, PV01, Modified Duration, single entity exposure, Cut-loss and, Maximum holding period, which are generally used by CALT.

The Risk and Compliance Unit (RCU) conducts daily monitoring of these indicators and reports them to the Board Risk Committee quarterly. Additionally, a contingency plan is in place to mitigate the potential impact of a liquidity shortfall.

Credit Risk

Credit risk involves the potential for losses due to a counterparty's failure or reluctance to fulfill contractual obligations to the Group, along with the risk that collateral may not adequately cover such claims.

The extension of credit is a rigorously regulated activity aimed primarily at mitigating credit risk for the Group. A critical aspect of the Group's margin lending arrangements with specific clients is governed by the CSE Directive, which sets the maximum allowable credit limit. These limits undergo daily monitoring and are reported to the SEC bi-weekly. Furthermore, diligent management of the debtor's portfolio includes continuous daily oversight. Additionally, the Company has established guidelines to effectively manage and supervise Counterparty Risk.

Counterparty Risk

The risk of a counterparty failing to fulfill their transaction obligations poses potential challenges for CAL, particularly to its subsidiary, CALT if they fail to deliver securities or cash on the settlement date. Senior management establishes counterparty limits according to Board-recommended guidelines. When determining these limits, emphasis is placed on ensuring prudent risk management practices.

Concentration Risk

The CAL Group predominately its subsidiary, CALT manages the risk of losses from over-exposure to a single type of security through portfolio diversification. According to established limits, investments in securities within the same maturity bucket do not exceed a predetermined percentage of the maximum portfolio limit. Temporary adjustments to these limits require approval from the CEO, with all approvals subsequently reviewed by the Board of Directors.

OPERATIONAL RISK

Human Resource Risk

Human resource risks arise from issues related to workforce planning, recruitment, retention, employee behavior, compliance, and organisational culture. Human Resources risk is effectively managed through the Group's strong Human Capital Development model. This model aims to foster a dynamic work environment where every employee benefits from challenging experiences that support career growth opportunities within the Group.

Business Continuity Risk

CAL addresses Business Continuity Risk through a comprehensive BCP (Business Continuity Plan). Annual audits are conducted to review and update the BCP control checklist, which includes procedure manuals, SOPs, and internal policy documents. Ongoing business impact analysis and risk assessments help identify critical areas requiring attention, with significant issues promptly reported to department heads for necessary action.

System and Information Risk

The risk involves potential data and information loss from external cyber-attacks or internal leaks. To mitigate this risk, the Group has invested in cutting-edge information security firewalls and data loss prevention software. Critical applications and accounts are protected by a two-factor authentication protocol, and all hardware is safeguarded by continuous antivirus monitoring.

User-level access controls undergo regular reviews and an external, impartial third party conducts annual vulnerability assessments to enhance security measures.

Regulatory and Compliance Risk

The risk arises from potential non-compliance with regulatory requirements. These risks undergo continuous assessment by the Board of Directors, as the Company operates under the oversight of regulatory bodies such as the Central Bank of Sri Lanka (CBSL), Securities and Exchange Commission of Sri Lanka (SEC), and Colombo Stock Exchange (CSE). The Risk and Compliance unit diligently monitors changes in the regulatory environment and ensure compliance to all rules, regulations, directives and circulars. Each business unit develops and regularly updates internal process manuals to align with these regulatory requirements and industry standards. Quarterly compliance reports are submitted to the Board, and any instances of non-compliance, if identified, are promptly reported to the respective regulator along with proposed corrective actions for their consideration.

Reputational Risk

This risk involves potential harm to the Group's corporate reputation in the public domain, impacting customers, investors, and other stakeholder groups. These risks are deemed critical for business continuity, prompting the implementation of various measures to mitigate them.

Strategic Risk

Strategic risk pertains to the potential divergence of outcomes from the intended strategy and business plan, influenced by changes in the business environment and the risks associated with strategic decisions. Strategy and performance are key agenda items during quarterly Board meetings, covering various aspects of integrated risk management. The Management Committee and Board meetings also focus on evaluating the effectiveness of strategy execution, communicating changes in the business landscape, and discussing corrective measures.

RISK TOLERANCE

CAL adheres to a range of established policies designed to manage and mitigate risks effectively. These policies underscore the Group's commitment to prudent decision-making across its portfolio. All trading decisions align closely with the risk management policies set forth by the Board of Directors, aimed at minimizing potential losses.

Risk Management Matrix

MANAGING KEY RISK

Likelihood of Occurrence	Almost Certain					
	Likely		3, 4			2
	Possible		7	1, 5, 6, 8, 10, 11, 12, 13, 14, 15		
	Unlikely	9				
	Rare					
		Insignificant	Minor	Moderate	Major	Extreme
Impact to CAL Group						

SN	Risk Category	Risk item	Headline Risk	Impact	Risk Rating		CAL Response
					FY 2024/25	FY 2023/24	
1	Macroeconomic risk	Risk of Sovereign Default/ Dollar Shortage & required remedial fiscal measures & its impact to the economy	External Environment	Potential catastrophic impacts to Macro-economic fundamentals, including rapid rise in interest rates, rapid currency depreciation, large pressure on the banking system and, collapsing of the economy.	Medium	Medium	- Continually forecast and assesses the likelihood of occurrence. - Forecast the granular details of how the macro factors will play out and take the best possible mitigation processes for the Company
2	Market risk	Interest Rate risk	External Environment	Negative impact on Financial Profitability to the CAL due to unfavourable changes in interest rates	Ultra-High	Ultra-High	- Manage portfolios - Interest rate forecasts - Past interest rate trends - Data modelling and review of market trends - Stop loss limits.
3		Equity price risk	External Environment	Negative impact on Financial Profitability to CAL due to unfavourable changes in share prices	Medium	Medium	- Manage portfolios - Review of market trends - Risk exposure limits - Stop loss limits.
4		Foreign exchange risk	External Environment	Loss of profits and increase in budgeted expenses	Medium	High	Planning and control of all payments in foreign currency.
5	Credit Risk	Credit risk (in investments)	External Environment	Loss of reputation & brand image resulting in loss of profits	Medium	Medium	- Due diligence - Continuous monitoring - Restructuring liability - Relationship management

SN	Risk Category	Risk item	Headline Risk	Impact	Risk Rating		CAL Response
					FY 2024/25	FY 2023/24	
6		Counterparty risk	Business Process	Delays in a settlement, defaults could lead to loss of business and profits	Medium	Medium	→ Comprehensive evaluation of issuers
7	Credit Risk	Management of Debtors	Business Process	Loss of Revenue/ loss of business relationships with clients	Medium	Medium	→ Monitoring debtors, and approximate probable loss limits → Providing accurate and timely information to all Debtors
8	Liquidity risk	Liquidity risk	Business Strategies and Policies	Inability to make payments due to mismatches in investments which could result in reputational risk for CAL if unable to wind down positions	Medium	Medium	→ Monitoring liquidity requirements → Have contingency funding lines in place → Monitoring of borrowings for CAL including maturity profiles. → Effective treasury management is in place
9	Operational Risk	Conflict of interest	Business Process	Brand reputation and possible legal implications	Low	Low	→ Ensure that there is independence between the different strategic business units in CAL Group.
10		Cyber Security	Technology and Data	Loss of data and reputation	Medium	Medium	→ Continuous education to staff on cyber security risks → Conducting vulnerability assessments and audits in collaboration with external consultants. → Continuously monitoring antivirus protections.
11		Stability of core systems and automation/ documentation of systems	Business Process	Disruption to business activities	Medium	High	→ Continuous monitoring of systems and connectivity → Establishing system documentation to prevent disruptions in operations. → Ongoing automation to eliminate manual processes and mitigate the risk of fraud.
12		Overall succession planning framework	Organisation and People	Disruption to smooth transitioning of key roles in the Organisation	Medium	High	→ Establishing a framework for succession planning (based on competencies and skills) within the current staffing across all levels.

Risk Management Matrix

SN	Risk Category	Risk item	Headline Risk	Impact	Risk Rating		CAL Response
					FY 2024/25	FY 2023/24	
13	Operational Risk	Staff attrition	Organisation and People	Disruption to continuity of smooth business operations	Medium	High	→ Focus on HR development activities → HR constantly monitors staff turnover → SOPs in place for new staff to take over processes → Efficient processes in staff hiring.
14		Ad-hoc changes in the Tax Structure	Business Process	Loss of profitability inability to meet budgeted profits for the Company	Medium	High	→ Implemented effective tax planning strategies to mitigate the impact of tax adjustments. → Continuous communication with external consultants to acquire effective tax advisory services.
15		Regulatory risk	Business Process	Failure to adhere to laws, regulations, and directives issued by the CBSL, CSE, SEC, IRD, and other governing bodies may lead to the revocation of licenses and imposition of penalties, resulting in reputational damage and financial losses for CAL.	Medium	Medium	→ Thorough and efficient monitoring of regulations set forth by all regulatory bodies.

Annual Report of the Board of Directors

The Directors of Capital Alliance Holdings Limited are pleased to present their Annual Report, along with the Audited Financial Statements for the financial year ended 31st March 2025. These documents were approved by the Directors on 27th August 2025.

REVIEW OF OPERATIONS

During the year under review, the Group recorded an operating income of LKR 11,049 Mn, compared to LKR 26,221 Mn in the previous year. For the financial year ended 31 March 2025, the Group reported a net profit of LKR 4,228 Mn, a substantial decline from LKR 14,091 Mn in the prior year. This decline was primarily attributable to the normalization of interest rates during the current financial year compared to the previous year.

PRINCIPAL ACTIVITIES

The primary activity of the Group is investment banking. Detailed information about the Group's subsidiaries and their principal activities can be found on page 5 of the Annual Report.

LEGAL STATUS

Capital Alliance Holdings Limited was incorporated on 20th March 2003 under the provisions of the Companies Act No. 7 of 2007. The Group's net profit after tax for the financial year 2024/25 amounted to LKR 4,228 Mn, compared to a net profit after tax of LKR 14,091 Mn recorded in the previous year, 2023/24.

FINANCIAL RESULTS

In 2024/25, the Group's net profit after tax was LKR 4,228 Mn, compared to the net profit after tax of LKR 14,091 Mn achieved in the previous year, 2023/24.

	GROUP		COMPANY	
	2025 LKR Mn.	2024 LKR Mn.	2025 LKR Mn.	2024 LKR Mn.
Total Operating Income	11,049	26,221	4,843	2,115
Profit Before Tax	6,626	20,714	4,599	1,936
Profit After Tax	4,228	14,091	4,598	1,937
Total Comprehensive Income	4,069	13,874	4,599	1,934
Total Assets	111,771	66,591	5,759	2,995
Total Liabilities	91,177	47,082	264	56
Equity Attributable to Equity Holders of the Parent Company	18,066	16,591	5,495	2,939
Equity Attributable to Non-Controlling Interests	2,529	2,917	-	-

BOARD OF DIRECTORS

As of 31st March 2025, the Directors of the Company were:

- ➞ Mr. D A De Zoysa - Chairman, Non-Executive Non-Independent Director
- ➞ Mr. W A T Fernando - Non- Executive Director Non-Independent Director
- ➞ Ms. N T M S Cooray - Non-Executive Non-Independent Director
- ➞ Mr. R J Arasaratnam - Non-Executive Non-Independent Director
- ➞ Mr. T J William - Non-Executive Independent Director*
- ➞ Mr. C S R S Anthony - Non-Executive Non-Independent Director
- ➞ Ms. R S Jayasuriya - Non-Executive Independent Director
- ➞ Ms K A Chellaraja - Non-Executive Independent Director
- ➞ Ms. W T V Perera - Non-Executive Independent Director

* Mr. William, who was appointed to the Board of Capital Alliance Holdings Limited on 8th August 2016 as an Independent, Non-Executive Director, will cease to be classified as an Independent, Non-Executive Director with effect from 8th August 2025.

Annual Report of the Board of Directors

INTEREST IN SHARES

Directors/ Chief Executive Officer and their shareholdings as at 31st March 2025 were as following the approval of a share split in the ratio of 15:1 on 23 December 2024, each existing share was subdivided into fifteen (15) shares. The effect of the share split has been reflected in the comparative figures to facilitate better comparison.

Name	Designation	31st March 2025 After Split	31st March 2024 Before Split
Mr. D. A. De Zoysa	Chairman - Non-Executive Non-Independent Director	Nil	Nil
Mr. W. A. T. Fernando	Non-Executive Non- Independent Director	400,855,830	26,723,722
Mr. R. J. Arasaratnam	Non-Executive Non-Independent Director	Nil	Nil
Ms. N. T. M. S. Cooray	Non-Executive Non-Independent Director	175,310,640	11,687,376
Mr. T. J. William	Non-Executive Independent Director	Nil	Nil
Mr. C. S. R. S. Anthony	Non-Executive Non-Independent Director	Nil	Nil
Ms. R. S. Jayasuriya	Non-Executive Independent Director	Nil	Nil
Ms K. A Chellaraja	Non-Executive Independent Director	Nil	Nil
Ms. W. T. V Perera	Non-Executive Independent Director	Nil	Nil
Mr. K. P. Mannakkara	Chief Executive Officer	57,236,370	3,815,758

OTHER DIRECTORSHIP/ SIGNIFICANT POSITIONS OF DIRECTORS

Information on the other directorships and significant positions held by the current Directors of the Company is given on pages 19-22.

RELATED PARTY TRANSACTIONS

Related party transactions have been disclosed at the Directors' meetings and are detailed in Note 33 of the financial statements.

DIRECTORS' INTERESTS

In accordance with the Companies Act No. 7 of 2007, the Company maintained an Interests Register throughout the assessed timeframe. All Directors have furnished declarations as stipulated in Section 192 (2) of the aforementioned Companies Act. The Interest Register is open for examination in line with the provisions of the Companies Act.

The Company engages in regular business transactions with entities in which a Director of the Company holds a Director position. Transactions involving entities where a Director of the Company holds control or exerts substantial influence have been categorized as related party transactions and are outlined in Note 33 of the Financial Statements.

REMUNERATION AND FEES

Details of the Directors' remuneration and fees are provided in Note 12 of the financial statements. The Board of Directors has approved all fees and remuneration.

RISK AND CONTROL

The Board of Directors has ensured that a robust and comprehensive internal control system is in place to oversee, regulate, and manage the Group's risk exposure. This system supports the orderly operation of the business, safeguards assets and enhances the reliability and accuracy of records to the greatest extent possible.

CORPORATE GOVERNANCE

The Directors acknowledge their responsibility for the Company's corporate governance and internal control system. They are accountable to the shareholders for providing strategic direction and safeguarding the Company's assets. The Board is satisfied with the effectiveness of the internal control system up to the date of signing the financial statements. Details regarding adherence to recommended corporate governance standards can be found on pages 108 to 141 of the Annual Report.

The Company's performance is consistently evaluated through scheduled review sessions, ensuring that progress aligns with established objectives. Regular Board meetings are held to support the evaluation process and ensure compliance with all legal and regulatory requirements.

DIVIDEND - GROUP

A dividend of LKR 2,982,416,752 has been paid out of the dividends received and profit generated during the year. (2023/24 – LKR 2,357,618,221).

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on pages 163 to 176. There were no changes in the accounting policies adopted by the Company during the year under review.

GOING CONCERN

The Board of Directors has reviewed the Company's business plans and is confident that the Company has sufficient resources to continue its operations for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

CAPITAL EXPENDITURE

Details of Property, Plant and Equipment and their movements during the year are provided in Note 25 to the financial statements.

RESERVES

The changes in reserves during the financial year 2024/25 are detailed in the Statement of Changes in Equity on page 159 of the Annual Report.

INCOME TAX EXPENSES

Income tax expenses have been calculated in compliance with the provisions of the Inland Revenue Act, No. 24 of 2017, and its subsequent Amendments, as disclosed in Note 13 of the financial statements.

STATED CAPITAL

The stated capital of the Company as at 31st March 2025 was LKR 2,532,798,096 (2024 - Rs. 2,532,798,096) consists of 1,914,549,345 (2024 - 1,914,549,345) number of ordinary shares as disclosed in the Note 31 to the financial statements.

Name of the Shareholder/ Company	No. of Shares	%
Ashthi Holdings (Private) Limited	557,044,530	29.10
Jetwing Travels (Private) Limited	547,846,320	28.61
Mr. W A T Fernando	400,855,830	20.94
Ms. N T M S Cooray	175,310,640	9.16
Mr. K P Mannakkara	57,236,370	2.99
Mr. A D Pushparajah	53,980,410	2.82
Ms. H M S Perera	32,596,560	1.70
Mr. T Kulasinghe	22,985,025	1.20
Mr. A M Induruwage	16,834,230	0.88
Mr. U R Jonas	13,467,375	0.70
Yehuda Investment Holdings Limited	7,500,000	0.39
Mr. S D K Fernando	5,507,565	0.29
Mr. A D Rayen	5,050,290	0.26
Mr. H G R De Silva	5,050,260	0.26
Mr. A Vijayaram	5,050,260	0.26
Mr. L H S L Silva	5,050,260	0.26
Ms. P R Wijesundara	1,500,000	0.08
Mr. N R Goonasekera	1,125,000	0.06
Mr. U L B Ariyaratna	558,420	0.03
Total	1,914,549,345	100.00

STATUTORY PAYMENTS AND COMPLIANCE WITH LAWS AND REGULATIONS

The Directors, to the best of their knowledge and belief, confirm that all statutory payments due to the Government and related to employees have been made on time. Furthermore, they affirm that the Company has not engaged in any activities contravening laws and regulations.

EQUAL OPPORTUNITIES

The CAL Group is dedicated to offering equal opportunities to all employees, regardless of gender, marital status, age, religion, race or disability. Our policy ensures that all individuals receive fair and thorough consideration in matters of employment applications, continued employment, training, career development, and promotions, taking into account their specific skills and capabilities.

EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events after the financial reporting period that require an adjustment to or a disclosure in the financial statements other than those disclosed in Note 35 to the financial statements.

ESG RISKS AND OPPORTUNITIES

The Company's business operations can have both direct and indirect impacts on the environment. Our policy is to conduct these activities in an environmentally responsible manner, minimizing adverse effects and ensuring compliance with relevant regulations.

Annual Report of the Board of Directors

INDEPENDENT AUDITORS

During the period under review, the Company's Auditors were Messrs. KPMG, Chartered Accountants. The remuneration paid to the auditors are outlined in Note 12 of the financial statements. As per the affirmation from Messrs. KPMG and to the best of the Directors' knowledge, the Auditors maintain no affiliations or interests in the Company, aside from those already revealed in the aforementioned section.

Messrs. KPMG, Chartered Accountants, have indicated their readiness to remain as the Company's Auditors for the upcoming year. In alignment with the provisions of the Companies Act No. 7 of 2007, a resolution seeking the reappointment of Messrs. KPMG, Chartered Accountants, as the Company's Auditors will be presented for consideration at the Annual General Meeting.

INDEPENDENT AUDITOR'S REPORT

The independent Auditor's report on the financial statements is given on pages 152 to 155 of the Annual Report.

AUDITOR'S RIGHT TO INFORMATION

Every individual currently serving as a Director of the Company upon the ratification of this report affirms that:

To the best of each Director's knowledge, there exists no pertinent audit-related information that is unbeknownst to the Company's Auditors.

Each Director has fulfilled all necessary obligations as a Director to ascertain awareness of any pertinent audit information and to confirm that the Company's Auditors are cognizant of such information.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company is scheduled for the 25th September 2025. The notice calling for the Meeting and the agenda can be found on page 245 of the Annual Report.

This Annual Report is signed for and on behalf of the Board:



**S. S. P. Corporate Services
(Private) Limited**
Secretaries



Mr. K.P. Mannakkara
Group Chief Executive Officer



Mr. D.A. De Zoysa
Chairman
27th August 2025

PURPOSE-LED GROWTH



Our Business Model

GRI - 2-6

The CAL operational framework articulates the manner in which we generate value by strategically deploying capital and leveraging it across our business operations. This in turn enables us to positively influence our stakeholders, broader society and the environment. We conduct ongoing assessments of the external landscape to identify emerging risks and opportunities relevant to the CAL Group. These insights inform necessary refinements to our business model and strategic direction. As responsible corporate stewards, we are committed to continuously advancing our processes and technologies to minimize any potential adverse social or environmental impacts resulting from our activities.

Within the highly competitive investment banking landscape, CAL's business model is strategically structured to generate and deliver value through a broad spectrum of financial services and strategic advisory solutions. We operate at the confluence of capital markets, financial advisory and corporate finance, catering to a diverse client base that includes corporations, institutional investors and Private Wealth Management clients.

CAL Business Model

Asset Management (CALI)

From Unit Trusts to Private Wealth Management solutions tailored for both individual and corporate investors, our diverse range of investment offerings serves a broad client base including family-owned enterprises, financial institutions and high-net-worth individuals. Through a personalized approach to fund management, we strive to deliver an optimal balance of return, risk and liquidity aligned with the unique objectives of each client.

Treasury (CALT)

CALT plays a pivotal role in the financial markets by facilitating the trading of government securities and promoting market liquidity. Our business model is strategically positioned to serve as a key intermediary between the government and financial institutions, thereby contributing to the efficiency of capital markets and broader economic stability. We remain committed to enhancing our primary dealer operations by leveraging technological innovations, broadening our client base and continuously deepening our market expertise. CAL will continue to reinforce its position as a trusted partner to governments and institutional investors, actively supporting the stability and growth of financial markets and the overall economy.

Stock Brokering (CALS)

The CAL team comprises seasoned professionals who bring a blend of expertise and market insight. It enables the proactive monitoring of capital markets and the delivery of timely, data-driven intelligence to our clients. Our state-of-the-art electronic trading platform offers clients a seamless and efficient trading experience providing both control and convenience throughout the entire trade lifecycle. By leveraging CAL's comprehensive research capabilities and competitive online commission rates, clients can effectively buy and sell shares of publicly listed companies on the Colombo Stock Exchange that maximizes both value and market access.

Corporate Advisory and Global Markets (CALP)

CAL offers expert financial advisory services across a broad spectrum, including mergers and acquisitions (M&A), equity and debt capital raising, corporate restructuring and the formation of strategic partnerships. Our deep advisory expertise enables clients to navigate complex financial transactions with confidence and effectively realize their strategic objectives. While our investment banking practice has a strong focus on family-owned businesses, this relationship-driven ethos also informs our approach to serving institutional clients, high-net-worth individuals and retail investors ensuring tailored and long-term value creation across all client segments.



KEY ELEMENTS OF CAL BUSINESS MODEL:

- ➔ **Financial Advisory and ESG Integration:** CAL integrates environmental, social and governance (ESG) considerations into its financial advisory services that supports its clients in identifying and managing ESG-related risks and opportunities across mergers and acquisitions, capital raising and strategic transactions. Our expertise enables clients to align their business strategies with global sustainability objectives and evolving stakeholder expectations that fosters long-term value creation and responsible growth.
- ➔ **Capital Markets and Sustainable Finance:** By facilitating access to capital for sustainable projects and initiatives, CAL actively supports environmental stewardship, social inclusion and the advancement of economic resilience. Through these efforts, we contribute to the development of a more sustainable and inclusive financial ecosystem.
- ➔ **Risk Management and ESG Due Diligence:** CAL undertakes comprehensive ESG due diligence and risk assessments as part of its investment decision making process. This aims to proactively identify and mitigate potential ESG-related risks. This includes a thorough evaluation of climate related risks, regulatory compliance, supply chain sustainability and corporate governance standards which ensures responsible and informed investment outcomes.
- ➔ **Stakeholder Engagement and Transparency:** CAL actively engages with a broad range of stakeholders including investors, regulators, communities and advocacy groups to promote transparency and facilitate meaningful dialogue on ESG matters. Our dedication to open communication and comprehensive reporting reinforces trust and accountability in the execution of our ESG initiatives.
- ➔ **Corporate Governance and Ethics:** CAL is committed to maintaining the highest standards of corporate governance, ethics and integrity throughout all facets of its operations. Our governance framework encompasses policies and practices designed to ensure fairness, accountability and responsible conduct across the organisation.
- ➔ **Innovation and Thought Leadership:** CAL spearheads innovation in sustainable finance and ESG integration strategies establishing itself as a thought leader within the investment banking sector. By proactively anticipating market trends and regulatory changes, we contribute to shaping industry standards and advancing best practices.

Future Outlook

Looking forward, we reaffirm our commitment to evolving our business model and deepening the integration of ESG principles. We will persist in fostering innovation, engaging collaboratively with stakeholders and championing sustainable finance solutions that generate meaningful environmental and social outcomes. By embedding ESG considerations into our strategic framework, we seek to strengthen resilience, manage risks effectively and deliver sustained long-term value to our clients, investors and communities.

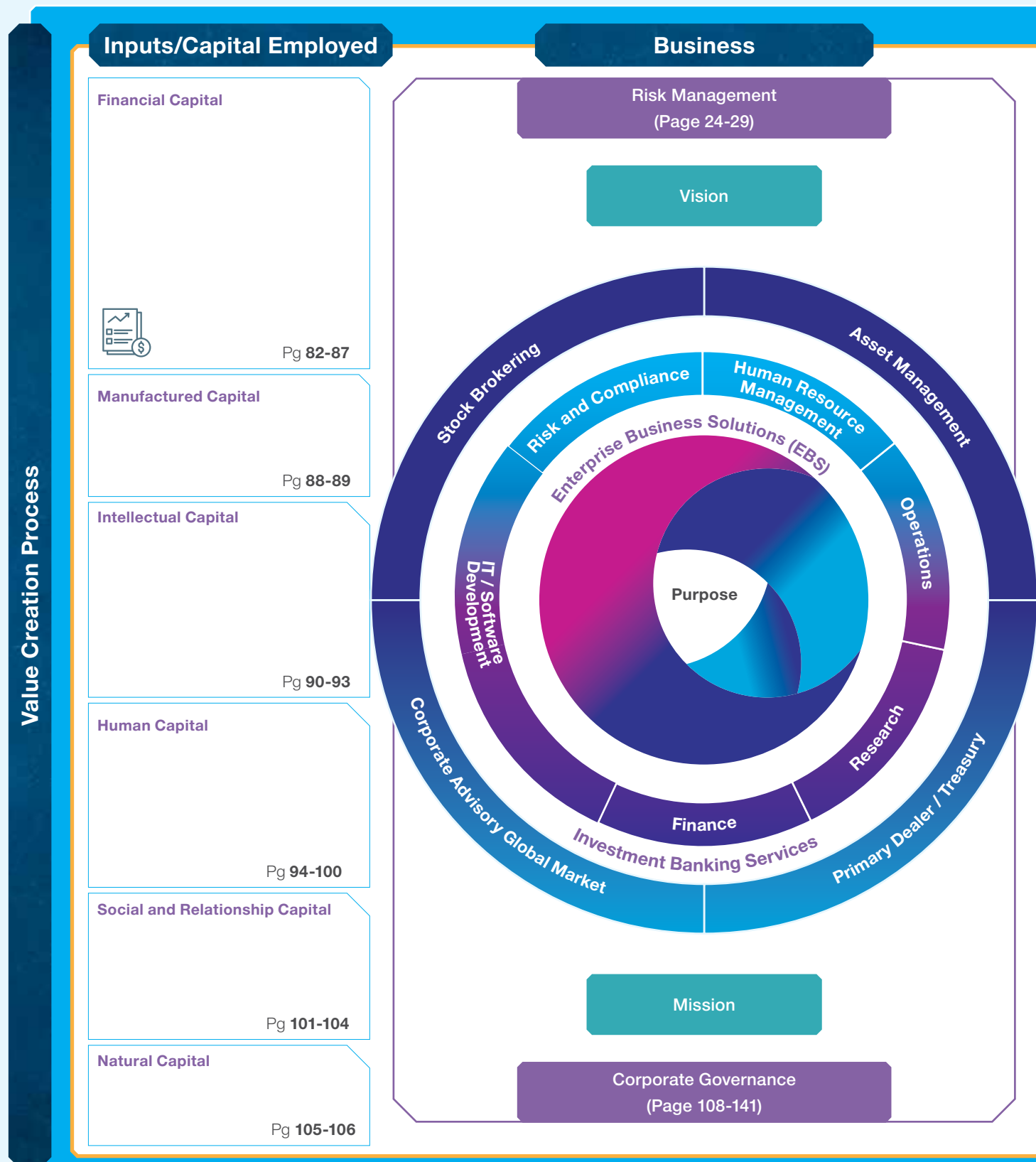
Our business model and approach to ESG integration embody the conviction that sustainable business practices are fundamental to achieving superior financial performance, cultivating stakeholder confidence and advancing a more sustainable and inclusive global economy. Through responsible investment banking, we endeavor to act as a catalyst for positive change and to serve as a trusted partner in the development of sustainable finance solutions.

Research and Insights: CAL's research capabilities deliver comprehensive market intelligence, in-depth economic analysis and specialized sector reports. This critical information equips clients with the insights necessary to make well-informed investment decisions and to seize emerging opportunities across global markets.

Client-Centric Approach: At the core of CAL's business model is a client-centric philosophy that prioritizes the cultivation of long-term relationships founded on trust, transparency and tailored services. CAL is dedicated to thoroughly understanding each client's distinct needs and providing bespoke solutions that are aligned with their financial objectives and risk appetite.

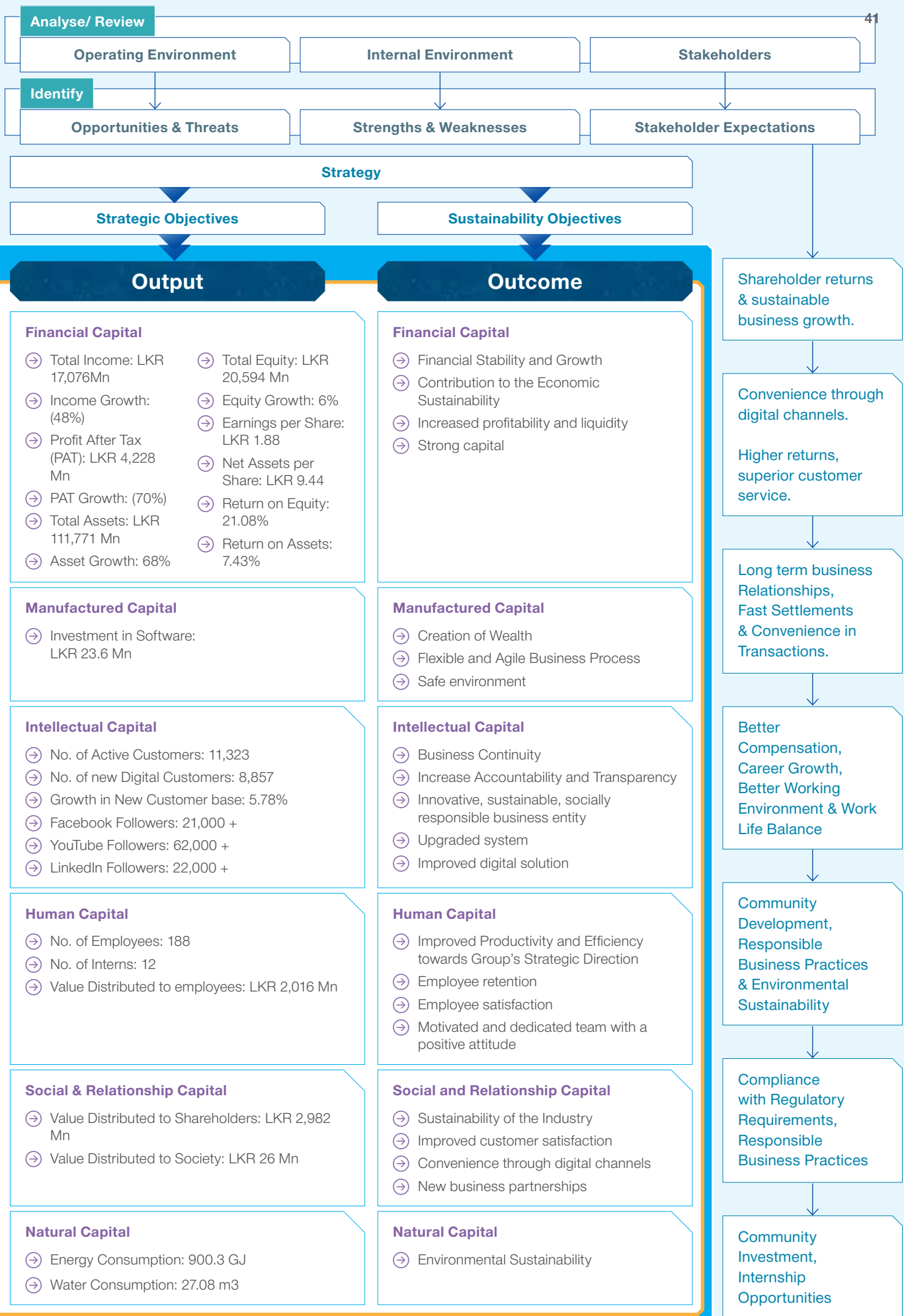
Regulatory Compliance: Operating within a rigorously regulated environment, we consistently comply with stringent regulatory and ESG standards as well as industry best practices. CAL's comprehensive compliance framework is designed to ensure full adherence to all regulatory and ESG obligations, protect client interests and uphold the integrity of the markets in which we operate.

Our Business Model



Sustainable Development Goals





Snapshot of Our Capital Position and Strategic Outcomes

CAL operates under a sophisticated business model structured to harness its core strengths for sustainable value creation. By effectively utilizing multiple forms of capital namely Financial, Manufactured, Intellectual, Human, Social & Relationship, and Natural - CAL transforms these inputs through its operational activities to generate outcomes that align with the expectations of stakeholders who have invested in and contributed to the organisation's success.

In line with the principles of the International Integrated Reporting Framework, the business model is recognised as a fundamental component of the core content elements of an integrated report. Its inclusion is essential to providing a clear understanding of how the organisation creates, delivers, and sustains value over time.

FINANCIAL CAPITAL	Widen Wealth (WW)	Refer the pages 82-87
Indicator	Value Creation Status	Key Drivers
Profit After Tax (PAT)	2024/25 2023/24	➔ Positive ROE ➔ Positive ROA ➔ Financial stability 
Return On Equity (ROE)	2024/25 2023/24	
Return On Assets (ROA)	2024/25 2023/24	
Earnings Per Share (EPS)	2024/25 2023/24	
Shareholders' Equity	2024/25 2023/24	
Dividend paid	2024/25 2023/24	

HUMAN CAPITAL	Employee Empowerment (EE)	Refer the pages 94-100
Indicator	Value Creation Status	Key Drivers
No. of employees	2024/25 2023/24	➔ Annual workforce plan ➔ Annual training budget ➔ Group HR function ➔ Compliance and best practices ➔ HR policy framework ➔ Recruitment and selection ➔ Remuneration and benefits ➔ Performance management ➔ Training and development ➔ Employee relations ➔ Employee engagement ➔ Employee health and safety ➔ Work-life balance
No. of new recruits	2024/25 2023/24	
Total employee benefits paid	2024/25 2023/24	
Total training hours	2024/25 2023/24	
Membership subscriptions	2024/25 2023/24	
Staff covered by the health plan (%)	2024/25 2023/24	

MANUFACTURED CAPITAL		Inspired Innovations (II)	Refer the pages 88-89
Indicator	Value Creation Status		Key Drivers
No. of recurring users of CAL Online Web App	2024/25		➔ Technology roadmap
	2023/24		
No. of new customers to CAL on boarded digitally	2024/25		
	2023/24		
Cost of investment (LKR) computer software	2024/25		
	2023/24		
Cost of investment (LKR) computer & IT equipment	2024/25		
	2023/24		

INTELLECTUAL CAPITAL	Inspired Innovations (II) / Client Centricity (CC)	Refer the pages 90-93	
Indicator	Value Creation Status	Key Drivers	
Awards	Great Place to Work Certification March 2024 – March 2025	➔ Industry standing ➔ Regulatory compliance ➔ Ethics and integrity ➔ Partner networks ➔ Research ➔ IT infrastructure ➔ Information security systems	
	AICPA & CIMA Official Training Partner		
	Most Respected Entities in Sri Lanka by LMD		
	One of the Top 25 employers in Sri Lanka 2025 recognised by CFA Recognition programme. Certificate of Recognition – LankaPay ➔ Enabling transactions via JustPay		
	2024/25		
	2023/24		
CAL Brand (Ranking)	2024/25		
	2023/24		
	Top 100 most valuable Sri Lankan brands in Sri Lanka by ranking as No. 58 and Brand Rating as AA- for FY 2025		

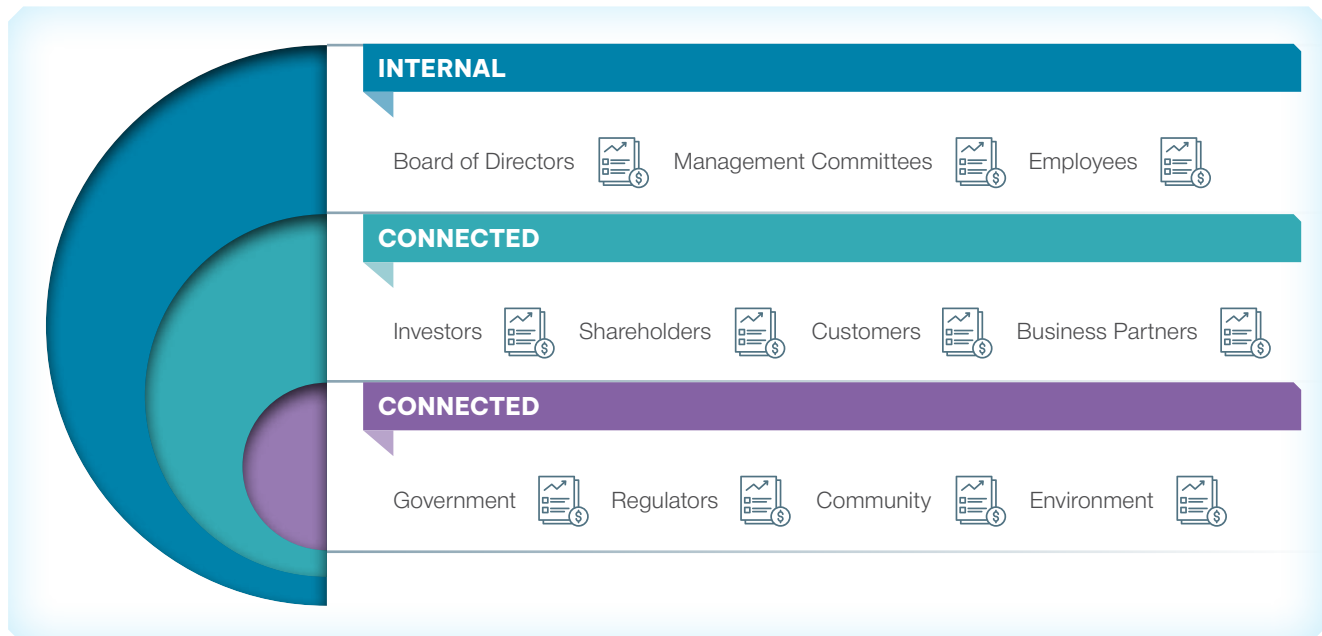
Stakeholder Engagement

GRI 2-15, 2-29, 207-3

OUR STAKEHOLDERS

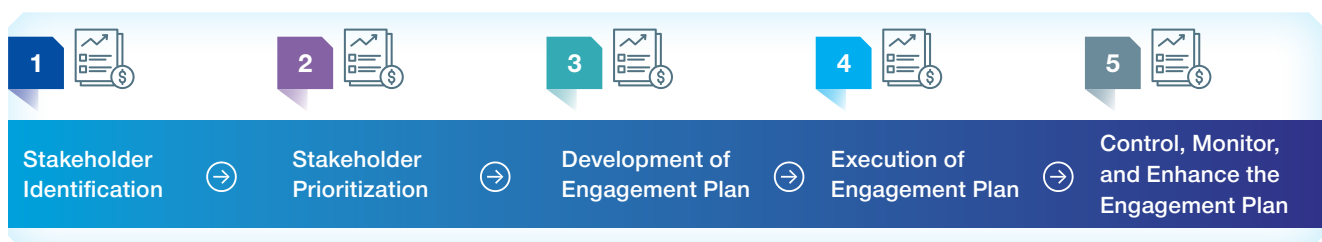
At CAL Group, we acknowledge that our long-term success is closely linked to the interests, well-being, and active engagement of our diverse stakeholder groups. We are committed to cultivating transparent, constructive, and mutually beneficial relationships, recognizing that stakeholder trust and collaboration are vital to achieving sustainable growth and delivering enduring value. By evaluating the relevance and influence of each stakeholder group on our operations and strategic outcomes, we adopt appropriate management approaches to address their specific needs and expectations. CAL has identified six key stakeholder clusters that are either significantly impacted by our activities, outputs, and outcomes or play a critical role in our ability to create long-term value.

Our stakeholders are essential partners in our ongoing journey. We are committed to engaging with them in a meaningful and responsible manner, and strive to contribute positively to the broader ecosystem in which we operate.



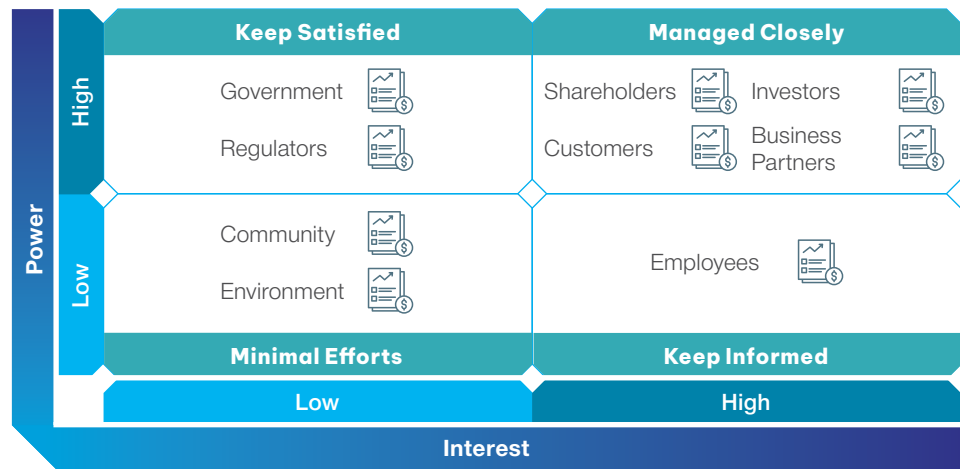
STAKEHOLDER ENGAGEMENT PROCESS

In alignment with the GRI Standards, CAL views stakeholder engagement as a strategic priority that underpins our commitment to transparency, accountability, and sustainable development. Engaging with stakeholders enables us to understand their interests, expectations, and concerns ensuring that our decision-making processes reflect material issues that matter most to them and to our business. Building strong, trust-based relationships with our diverse stakeholders is central to our operations and long-term value creation.



Stakeholder Engagement

CAL's stakeholder engagement strategy is structured to facilitate meaningful and constructive interactions with relevant stakeholders on an individual and collective basis to foster mutually beneficial outcomes. The framework encompasses the identification, assessment, and engagement of stakeholders supported by regular evaluations of engagement effectiveness through established feedback mechanisms. This approach ensures the alignment of stakeholder interests with CAL's strategic objectives.



The following communication channels illustrate how CAL facilitates transparent engagement and fosters mutually beneficial relationships with its stakeholders while consistently seeking and incorporating their feedback. Through these interactions, CAL actively promotes financial literacy and supports capacity-building initiatives, which demonstrate our commitment to advancing the nation's Sustainable Development Goals (SDGs) as a responsible investment banking partner.

■ Annually ■ Quarterly ■ Monthly ■ Weekly ■ As and when required ■ Continuous and ongoing

Stakeholder	Ways of Engagement	Complied/ Not Complied	Key Concerns	Reference to the Annual Report
Shareholders/ Investors  SDG Impact:    	Annual General Meeting (AGM)	■	→ Credibility and financial position → Credit rating	→ Financial capital → Social and relationship capital
	Annual report	■	→ Competitive strengths → Cost management	→ Financial reports
	Interim financial statements	■	→ Capital and liquidity management → IT security and fraud management	→ Corporate governance → Investor information
	Corporate website	■	→ Digitization and process automation → Risk management	→ Materiality assessment
	Extraordinary General Meetings (EGM)	■	→ Regulatory compliance and disclosures → Business ethics and anti-corruption	
	Press conferences/ Press releases	■	→ Compliance with laws and regulations, including the laws governing money laundering and terrorist financing	
	Social media platforms	■	→ Human and labour rights	
Customer SDG Impact:   	Relationship managers	■	→ Timeliness and relevance of product and services	→ Intellectual capital → Social and relationship capital
	One-on-one meetings	■	→ Availability of market information → Service excellence	→ Financial capital
	Press conferences/ Press releases	■	→ Digital access	→ Manufactured capital
	Corporate website	■	→ Information security and customer privacy	→ Materiality assessment
	Social media platforms	■		

■ Annually
 ■ Quarterly
 ■ Monthly
 ■ Weekly
 ■ As and when required
 ■ Continuous and ongoing

Stakeholder	Ways of Engagement	Complied/ Not Complied	Key Concerns	Reference to the Annual Report
Employees SDG Impact:     	Espresso meetings	■	→ Pay and benefits → Human and labour rights → Development opportunities → Career prospects → Connectivity to management → Diversity and inclusion → Job satisfaction → Work-life balance	→ Human capital → Social and relationship capital → Financial capital → Intellectual capital → Corporate governance → Materiality assessment
	Formal and informal discussion	■		
	Internal communication channels	■		
	Training programmes	■		
	Recreational activities	■		
	Town Hall sessions	■		
	Incontro meetings	■		
	Counselling	■		
	Awards ceremonies	■		
Business Partners SDG Impact:     	One-on-one meetings	■	→ Credibility and financial position → Credit rating → Competitive strengths → IT security and fraud management → Regulatory compliance and disclosures → Business ethics and anti-corruption → Compliance with laws and regulations, including those governing money laundering and terrorist financing	→ Financial capital → Social and relationship capital → Intellectual capital → Annual report of the Board of Directors → Corporate governance → Materiality assessment
	Networking	■		
	Corporate website	■		
	Social media platforms	■		
Community and Environment SDG Impact:          	Press conferences/ Press releases	■	→ Community development → Internships	→ Social and relationship capital → Natural capital → Corporate governance → Our approach towards sustainable development → Materiality assessment
	Corporate website	■		
	Social media platforms	■		
	Annual report	■		
	Community initiatives	■		
Government and Regulators SDG Impact:    	Regulatory audits	■	→ Business ethics and anti-corruption → Compliance with laws and regulations, including those governing money laundering and terrorist financing → Security → Human and labour rights	→ Natural capital → Intellectual capital → Financial reports → Corporate governance → Materiality assessment
	Interim financials	■		
	Annual report	■		
	Regulatory submissions/filings	■		
	Other meetings	■		

Materiality Assessment

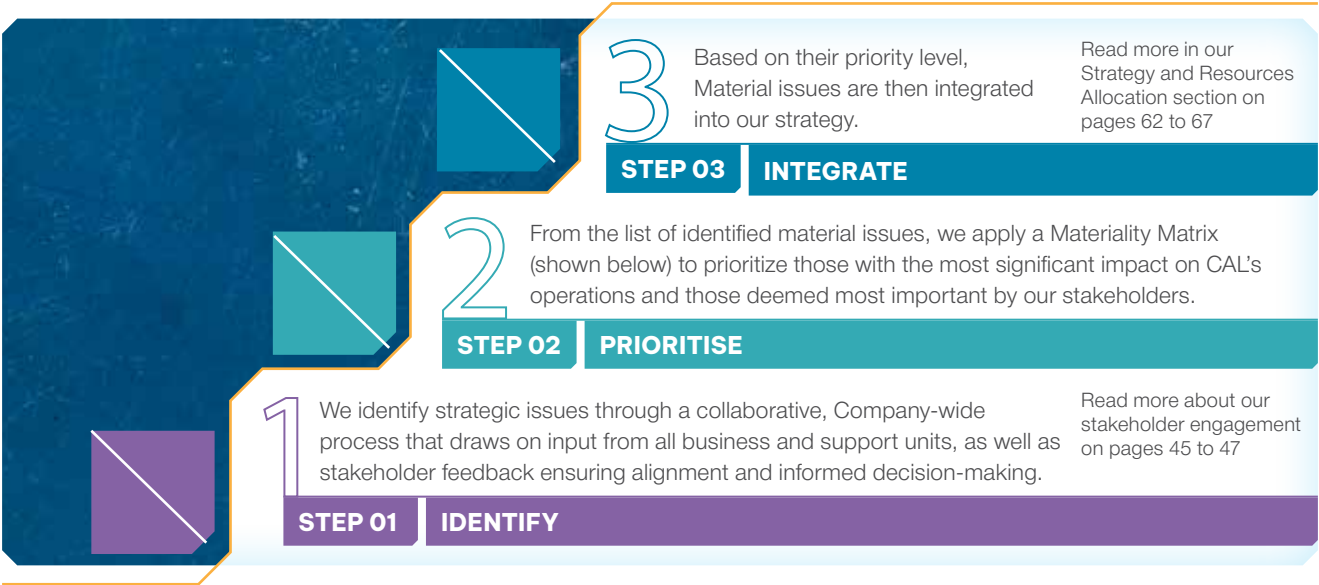
GRI - 3-1, 3-2, 3-3

MATERIALITY

Identifying and prioritizing the most material factors influencing our business is essential to driving sustainable growth. CAL's materiality assessment process systematically evaluates the key issues that affect our value creation over the short, medium, and long term. These insights play a critical role in shaping our strategic direction and enhancing the resilience and adaptability of our business in a dynamic operating environment.

To support a robust and comprehensive materiality assessment, CAL actively engages both internal and external stakeholders through structured consultations, surveys and feedback mechanisms. This process ensures that we capture a wide range of perspectives that allow us to align our strategic priorities with the needs, concerns and expectations of our stakeholders.

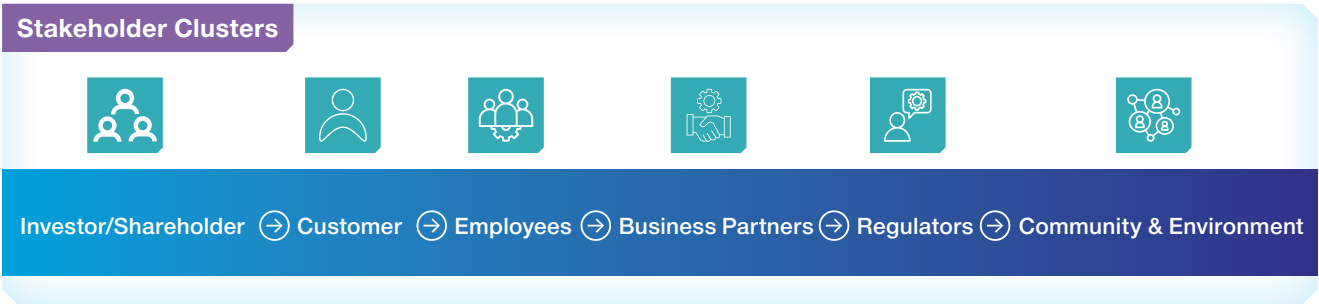
The material issues identified through this assessment are organized across four key dimensions: economic, environmental, governance, and social. These categories reflect a broad spectrum of factors, including financial performance, regulatory compliance, environmental impact, and social responsibility. The continued focus on these areas underscores our commitment to sustainable value creation and responsible business practices.



MATERIALITY DETERMINATION PROCESS

CAL engages with six key stakeholder groups: Investors and Shareholders, Customers, Employees, Business Partners, Regulators, and the Community and Environment. Engagement with these groups forms the foundation for improving performance, strengthening our sustainability framework and advancing robust corporate governance practices across the organisation.

Through materiality analysis, CAL identifies the issues most critical to both the organisation and its stakeholders. This alignment with our economic, social and environmental objectives are fundamental to drive sustainable value creation.



KEY ESG DRIVEN MATERIAL ISSUES

Double Materiality	Environment 	Social 	Governance 
Financial materiality	➔ Sustainable investment opportunities	➔ Employee well-being, diversity, and inclusion ➔ Investor protection	➔ Regulatory compliance ➔ Board accountability
Impact materiality	➔ Energy efficiency and responsible resource management ➔ Digital transformation ➔ Identification and mitigation of climate-related financial risks ➔ ESG reporting and disclosure requirements (SLFRS S1 & SLFRS S2)	➔ Corporate social responsibility (CSR) programmes ➔ Responsible stakeholder engagement ➔ Ethical business practices ➔ Ethical culture and compliance training	➔ Transparency in corporate governance ➔ Adequate financial disclosures ➔ Anti-corruption measures

By integrating Environmental, Social, and Governance (ESG) considerations into our materiality framework, CAL reinforces its commitment to long-term financial performance, responsible market engagement, and the promotion of sustainable economic growth. This approach not only strengthens our position as a trusted partner within the financial sector but also aligns our operations with the broader national sustainability agenda.

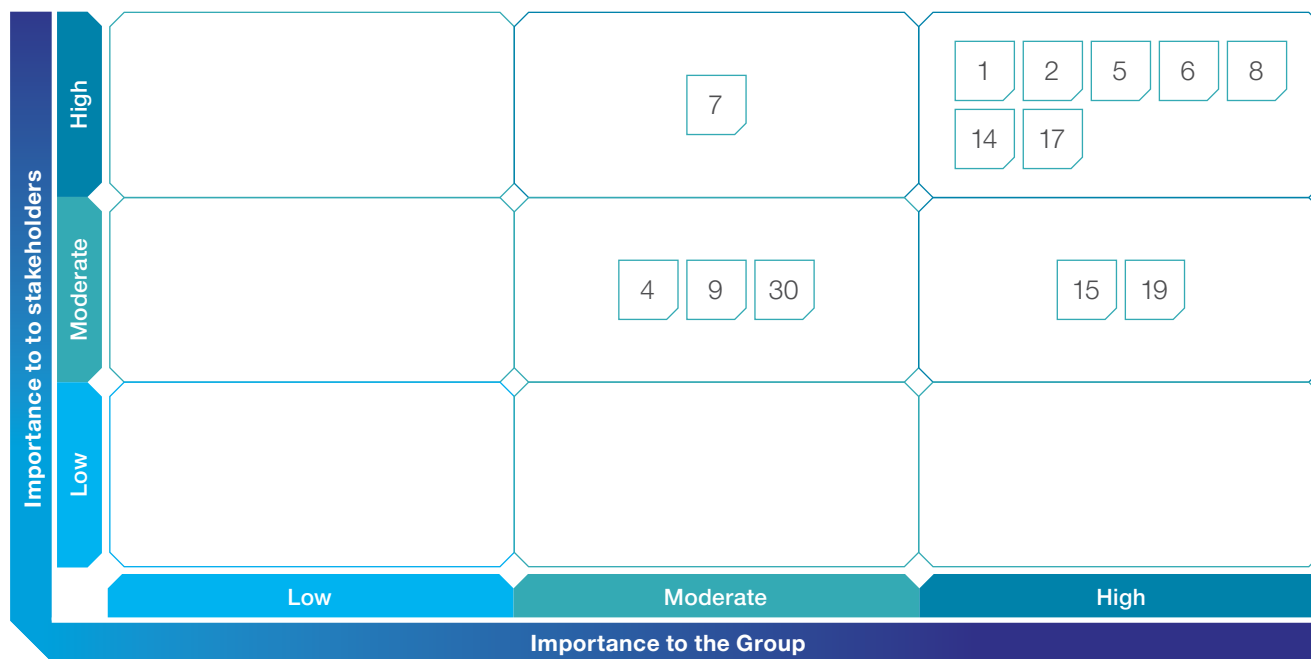
OPPORTUNITIES TO BE CAPITALIZED

Importance to Stakeholders	High		3 6 8 10 11 14	12 13 16 20 21 22 23 24 25 26 29
	Moderate		18 31	27 28
	Low			
		Low	Moderate	High
Importance to the Company				

Materiality Assessment

Stakeholder	Political 	Economic 	Social 	Technological 	Environmental 	Legal 
Investors	1. Lack of political and policy consistency 2. Lack of the desired level of transparency and accountability	5. Economic slowdown 6. Depreciating currencies 7. Downgrading of the credit rating 8. Rising inflation and interest rates	11. Increased use and influence of social media 12. Demand for non-financial information 13. Demand for more transparency and accountability 24. Increased demand for Sustainable Financial Performance 29. Need to improve business resilience	21. Higher regulatory capital requirements 25. Increased demand for digital technology and strategic resources		20. Directions and guidelines to counter impacts of the pandemic 22. New compliance requirements
Customers	3. Changes in Tax Policies		14. Changing customer expectations 26. Increased importance of brand equity and organisational reputation	17. Cybersecurity threats		23. Compliance requirements for digitalised client onboarding
Employees			15. Staff recruitment and retention becoming more challenging 28. Employee Empowerment	18. Technology driving change in job skills		
Society and environment	4. Corruption	9. Declining global competitiveness of Sri Lanka	16. Need to commit to Sustainable Development Goals (SDGs)	19. Import restrictions related to IT equipment	30. Environmental threats and disasters	
Business partners		10. More collaborative approach	27. Strategic partnerships			
Government	1. Lack of political and policy consistency					

RISKS TO BE MITIGATED



Material Topic	Impacted Capital
1. Lack of political and policy consistency	Financial Capital
2. Lack of desired level of transparency and accountability	Financial Capital
3. Changes in tax policies	Financial Capital
4. Corruption	Financial Capital, Social & Relationship Capital
5. Economic slowdown	Financial Capital, Social & Relationship Capital
6. Depreciating currencies	Financial Capital
7. Downgrading of the credit rating	Financial Capital
8. Rising inflation and interest rates	Financial Capital
9. Declining global competitiveness of Sri Lanka	Financial Capital, Social & Relationship Capital
10. A more collaborative approach	Social & Relationship Capital
11. Increased used and influence of social media	Intellectual Capital
12. Demand for non-financial information	Social & Relationship Capital, Natural Capital
13. Demand for more transparency and accountability	Financial Capital
14. Changing customer expectations	Social & Relationship Capital, Natural Capital
15. Staff recruitment and retention becoming more challenging	Human Capital

Materiality Assessment

Material Topic	Impacted Capital
16. Need to commit to Sustainable Development Goals (SDGs) Intellectual Capital, Social & Relationship Capital, and Natural Capital	Financial Capital, Human Capital
17. Cybersecurity threats	Manufactured Capital
18. Technology driving change in job skills	Manufactured Capital, Human Capital
19. Import restrictions related to IT equipment	Manufactured Capital, Social & Relationship Capital
20. Directions and guidelines to counter impacts of the pandemic	Social & Relationship Capital
21. Higher regulatory capital requirements	Financial Capital, Intellectual Capital
22. New compliance requirements	Intellectual Capital
23. Compliance requirements for digitalised client onboarding	Intellectual Capital, Social & Relationship Capital
24. Increased demand for Sustainable Financial Performance	Financial Capital
25. Increased demand for digital technology and strategic resources	Manufactured Capital, Intellectual Capital
26. Increased importance of brand equity and organisational reputation	Intellectual Capital, Social & Relationship Capital
27. Strategic partnerships	Social & Relationship Capital
28. Employee empowerment	Human Capital
29. Need to improve business resilience intellectual capital, social & relationship capital, natural capital	Financial Capital, Human Capital
30. Environmental threats and disasters	Natural Capital

MANAGEMENT APPROACH

CAL addresses its material concerns through a structured and strategic planning process. Accountability is assigned to respective department heads and resources are allocated in alignment with the relative significance of each material issue in achieving the organisation's strategic objectives. To ensure effective execution and progress, relevant goals and targets associated with material matters are embedded within the Key Performance Indicators (KPIs) of key management personnel with regular performance reviews conducted to track and evaluate outcomes.

A comprehensive set of policies has been established to guide employees in carrying out their responsibilities in a responsible, transparent and ethical manner, particularly in relation to identified material concerns. To ensure compliance with internal controls, policies, and procedures aligned with these objectives, both internal and external audits and verification processes are routinely conducted. The outcomes of these assessments are regularly reported to the Board of Directors and relevant management committees, enabling informed decision-making and the implementation of corrective actions where necessary.

MATERIALITY ASSESSMENT

Capital	Stakeholder	Impact on Corporate Value creation	Current Impact	Future Impact
Financial Capital 	→ Shareholders 	Revenue: → Trading and investment → Leverage → Market making → Client services	→ Financial stability and performance by maintaining the liquidity → Managing risks → Regulatory compliance → Strategic decision making	→ Increase in regulatory compliance → Integration of ESG Factors → Technological advancements such as AI, big data analysis → Market volatility and economic shifts → Stakeholder expectations and transparency
		Cost: → Economies of scale → Operational efficiency → Funding costs	→ Costs associated with implementing regulatory frameworks → Operational costs → Environmental and social costs → Investments in new technology	→ Technological advancements → Sustainability and ESG costs → Fluctuations in global economic conditions → Costs associated with market risk management → Attracting and retaining skilled personnel
		Risks: → Buffer against losses → Creditworthiness and counterparty risk → Regulatory compliance → Risk management	→ Market volatility → Creditworthiness → Liquidity management → Regulatory compliance	→ Technological and cyber risks → Climate change and environmental risks → Market and risk volatility

Materiality Assessment

Capital	Stakeholder	Impact on Corporate Value creation	Current Impact	Future Impact
Manufactured Capital	→ Shareholders → Customers	Revenue: → Advanced trading platforms → Market access → Customer satisfaction and retention → Value-added services	→ Invest in advanced trading platforms, risk management systems, and other technological infrastructure → Operational scalability → Maintenance and upgradation of facilities	→ Cybersecurity and data protection → Regulatory compliance and risk management → Innovation and competitive edge → Advanced technology integration
		Cost: → Operational efficiency → Maintenance and downtime → Scalability → Automation	→ Costs of maintaining and upgrading the technological infrastructure → Regulatory compliance costs → Cybersecurity expenditures → Environmental and sustainability costs	→ Enhanced cyber security needs → Sustainability and environmental costs → Continued technological advancements → Operational resilience investments
		Risks: → Operational risk → Regulatory compliance → Market risk management → Technology risk → Liquidity risk	→ Increasing focus on sustainability and environmental regulations → Evaluating the potential financial losses from any technology disruptions and the costs of mitigating these risks. → Maintain sufficient capital buffers and liquidity reserves to manage these risks	→ Need to account for the increased complexity and potential vulnerabilities of new technologies. → To invest in advanced compliance systems and ensure their infrastructure meets evolving regulatory standards. → Impact of market and credit risks on the value and stability of manufactured capital and ensure an adequate risk management measures are in place.

Capital	Stakeholder	Impact on Corporate Value creation	Current Impact	Future Impact
Intellectual Capital	→ Employees	Revenue: → Expertise and skills → Innovative financial products → Client relationships → Brand reputation	→ Value of intellectual capital and its direct impact on revenue → Consider investments on more efficient and profitable trading strategies → Brand equity and customer loyalty → Value and impact of research and analytical functions on revenue generation.	→ Invest in intellectual capital to develop, integrate, and maintain these technologies. → Investment in data analytics → Continuous learning and talent development on intellectual capital and revenue → Client relationship management
		Cost: → Operational efficiency → Automation and technology → Training and development → Employee retention	→ Talent acquisition and retention → Research & development cost → Employee training and development	→ Investment in advanced technologies and cybersecurity → Acquire advanced analytics tools
		Risks: → Risk management expertise → Regulatory compliance → Crisis management → Data security	→ Evaluate the adequacy of cybersecurity measures and their effectiveness in mitigating these risks. → The costs associated with maintaining regulatory compliance → Effectiveness of risk management strategies and the role of intellectual capital in minimizing potential losses → Risks associated with the technological advancements.	→ Substantial investments in R&D → Climate change and ESG compliance → Advanced cybersecurity threats → Market volatility

Materiality Assessment

Capital	Stakeholder	Impact on Corporate Value creation	Current Impact	Future Impact
Human Capital	→ Employees	Revenue: → Expert trading and market analysis → Client relationships → Product innovation → Advisory services	→ Training & retention → Effective client relationship management → Investments in human capital for innovation and product development → Operational efficiency	→ Investment in upskilling employees → ESG expertise → Ongoing professional development and continuous learning
		Cost: → Operational efficiency → Technology utilization → Training and development → Attrition and retention	→ Investments in hiring, training, and retaining skilled employees → Impact on financial performance, risk management, and overall business strategy	→ Mandatory specific disclosures → Track and report on ESG-related human capital metrics and impact on overall cost. → Require initial capital expenditures and ongoing operational costs.
		Risks: → Risk management expertise → Regulatory compliance → Crisis management → Ethical standards	→ Fluctuations in labor market conditions → Risks associated with strategic workforce planning, talent acquisition, and succession planning	→ Manage and disclose ESG-related human capital metrics → Invest in reskilling and upskilling programmes to address skill gaps
Social and Relationship Capital	→ Professional Bodies → Regulators → Investments Banking and Financial Industry Associations → Business Collaborations	Revenue: → Client relationships → Market access → Strategic partnerships	→ Client retention and loyalty → Market reputation and brand value → Adhere to ethical standards, regulatory requirements, and risk management practices	→ Increasing emphasis on client experience → Adoption of advanced technologies → Focus on ESG and corporate responsibility → Digital transformation and client engagement

Capital	Stakeholder	Impact on Corporate Value creation	Current Impact	Future Impact
Social and Relationship Capital (Contd.)	- Professional Bodies - Regulators - Investments Banking and Financial Industry Associations - Business Collaborations	Cost: - Operational efficiency - Employee retention	- Training and development programmes - Ongoing monitoring and reporting of Key Performance Indicators (KPIs) - Investments in technology infrastructure	- Digital transformation initiatives - Regulatory developments - Client experience enhancements - ESG considerations - Talent management strategies
		Risks: - Crisis management - Reputation management	- Regulatory compliance - Cybersecurity and data privacy - Employee relations and talent management - Operational resilience - Interconnectedness of client relationships	- Advancements in technology - Regulatory developments - ESG considerations - Evolving client expectation - Talent management strategies
Natural Capital	Environment	Revenue: - Environmental factors in investments - Green investments	- Client demand for ESG integration - Cost savings and efficiency - Commitment to environmental stewardship and sustainable business practices	- Integration of natural capital in risk management practices - Enhanced market reputation - Technological innovation
		Cost: - Regulatory compliance - Sustainable practices	- ESG integration - Technology adoption - CSR initiatives	- Opportunities for operational efficiencies - ESG integration - Advancements in technology
		Risks: - Environmental stewardship - Climate change and natural disasters	- Ensure operational resilience - Protecting financial performance - Maintaining stakeholder trust - Safeguarding reputation	- Climate change - Market dynamics - Technological advancements - Stakeholder expectations

Operating Context and Our Responses

GRI 2-23, 2-24



	STRENGTHS	→ IMPACT TO CAL	→ OUR RESPONSES
Skilled workforce	Deliver advanced services and client solutions to foster business growth	Enhanced the skills of the current workforce through continuous professional development initiatives.	Our dedicated research team offers timely market insights and analysis, empowering clients with actionable information to navigate volatile market conditions and make informed investment decisions.
High caliber governance body and Senior Management	Outstanding strategic decision-making and execution	Continuous professional development programmes for senior personnel, coupled with HR strategies to identify and cultivate internal and external talent for leadership positions.	
Regulatory Environment	Stringent regulatory requirements govern CAL's operations, emphasizing risk management, compliance, and transparency.	Invested in training and resources to ensure full compliance while fostering a culture of integrity and accountability addressing the adaptive compliance framework.	
Robust governance structure & risk management practices	Mitigates fraud and risk while minimizing potential reputational risks stemming from non-compliance	Prioritize strong risk management practices to mitigate market, credit and operational risks, including conducting regular risk assessments, stress testing and scenario analysis to anticipate and address potential challenges facing CAL.	
Strong business and client relationships	Improves the ability to deliver customized services and meet evolving client needs, thereby enhancing CAL's reputation and standards and ensuring consistent service quality.	Allocating resources to improve customer relationship management across all business sectors by fostering relationships and implementing training initiatives.	
Brand name	A well-respected brand name boosts both customer retention and acquisition efforts.	Expand our marketing and branding efforts through digital platforms while increasing CAL's efforts to gain recognition from prestigious industry organisations.	
Diversified Business Segments	Diversifying into multiple investment banking sectors reduces profit volatility and allows for meeting a broad spectrum of customer funding and investment needs.	Fostering a highly skilled workforce facilitates the identification of new market opportunities and the development of innovative products across each business segment. These advancements encourage ongoing client engagement with CAL.	
State-of-the-art technology and innovation	Require rapid advancements in technology, including automation, artificial intelligence, and data analytics are reshaping industry practices and client expectations.	Embracing technological advancements in CAL by leveraging automation, AI and data analytics to enhance operational efficiency, optimize trading strategies and deliver personalized client solutions.	
Financial Stability	A strong balance sheet enables CAL to maintain high credit ratings and capitalize on potential business opportunities.	Strategically managing risks and diversifying funding channels to support business growth.	

	WEAKNESSES	→ IMPACT TO CAL	→ OUR RESPONSES
Challenges in retaining skilled personnel attributed to the prevailing economic conditions in the country.	Disruptions and delays in Company operations, leading to increased expenses and decreased overall efficiency.	Implementing process automation to decrease dependence on manual tasks, alongside enhancing employee well-being through competitive compensation and flexible work schedules.	
Disruptions in the internally developed systems	Hinder critical business operations, delay transaction processing and negatively affecting client servicing.	Implement robust business continuity and disaster recovery plans, ensuring rapid restoration of services.	Regular system maintenance, real-time monitoring and comprehensive incident response protocols should be established to minimize downtime and mitigate operational impact.





OPPORTUNITIES	→ IMPACT TO CAL	→ OUR RESPONSES
Opportunities for process automation	Automating processes will boost productivity throughout all business functions.	Adopt a proactive stance and embrace new technology.
Increasing digital adoption by clients	Exploring digital platforms to broaden and diversify client interactions.	Enhanced digital products and services focused on user-centred design, aimed at providing an exceptional customer experience.
Digital adoption enabling businesses to expand beyond geographical boundaries	Building a forward-looking team with diverse skills to meet the needs of our evolving customers.	Training and development sessions for staff on IT, encompassing new AI/ML techniques.
Commitment to sustainable development goals	Brand amplification	Establish an ESG framework and develop investment products that align with global sustainability standards.

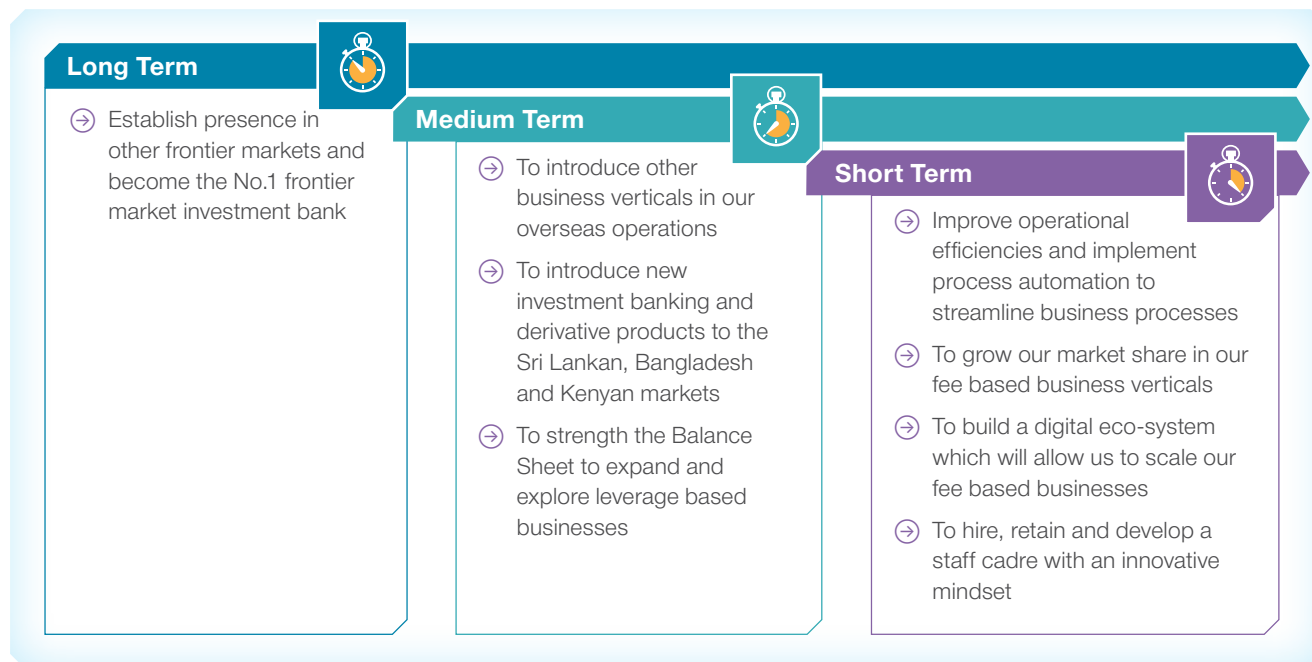


THREATS	→ IMPACT TO CAL	→ OUR RESPONSES
Talent outflow risk amid economic downturn	Higher employee turnover and challenges in attracting skilled professionals.	Enhance the well-being of current staff with competitive compensation and flexible work arrangements. Expand the scope of the bench programme.
Cybersecurity risk	Heightened vulnerability to cybercrime and malware, potentially endangering the Company's reputation.	Enforced stringent monitoring and control protocols and increase the frequency of cybersecurity audits.
Economic deceleration	Market downturn.	Expand CAL's global business footprint while optimizing costs.
Exchange rate fluctuations	Rising foreign currency expenditures alongside increased revenue in foreign currencies	Enhance CAL's international business units and deploy more effective currency hedging strategies.
Regulations and limitations on currency	Challenges in fulfilling foreign currency payments denominated in dollars.	Shifting to make payments through global operations of CAL.
Volatility in interest rates	Increased volatility in asset market values and its effects on margins and capital.	Enhancing asset-liability alignment and executing strategies to mitigate interest rate risk.
Increased interest rates/funding costs	Rising funding expenses obstructing business growth and inflating operational costs.	Effective management of working capital and exploration of alternative funding sources to facilitate business expansion.
Escalating severity of penalties and regulatory sanctions for non-compliance.	Increased costs due to implementing and monitoring regulatory changes and their impact on financial metrics.	Engagement in industry groups promoting regulatory and statutory reforms.

Our Strategy and Strategic Imperatives

OUR STRATEGY

We adopt a strategic approach that reflects our commitment to delivering superior value and service to our clients, while fostering sustainable growth and resilience amid evolving market conditions. CAL's strategy is designed to effectively address emerging challenges, seize new opportunities and strengthen our standing as a trusted partner within the financial sector. This strategic framework sets out our key priorities serving as a foundation for informed decision-making and operational excellence.



CAL STRATEGIC FOCUS

Widen Wealth:

WW

Our value creation process involves distributing economic benefits more broadly among stakeholders, beyond just shareholders. It focuses on supporting employees, communities and small businesses to ensure inclusive and sustainable growth.

Client-Centricity:

CC

Our primary strategic imperative is centred on delivering exceptional client-focused solutions. We place a strong emphasis on understanding and anticipating client needs, cultivating long-term relationships and providing innovative financial offerings that support their sustained success.

Social Sustainability:

SS

Embedding sustainability across all aspects of our operations is a core priority. We incorporate Environmental, Social and Governance (ESG) principles into our decision-making processes to enhance long-term value creation for all stakeholders while actively reducing our environmental impact.

Inspired Innovations:

II

Operational efficiency and effectiveness are fundamental components of our strategic approach. We consistently enhance our processes, harness technological advancements and maintain robust risk management frameworks to ensure resilience and agility within an increasingly dynamic financial environment.

Employee Empowerment:

EE

Our strategy places significant importance on talent development and the promotion of an innovative and inclusive organisational culture. Through continuous investment in employee training, professional development and empowering leadership, we cultivate a skilled and engaged workforce equipped to advance our strategic goals.

Our strategy and strategic imperatives are structured to establish CAL as a resilient, forward-thinking, and client-centric leader within the financial services sector.

OUR STRATEGIC IMPERATIVES

CAL has consistently demonstrated a track record of success by focusing on strategic objectives that address key areas of the business. This approach reflects CAL's continued commitment to embedding sustainability into day-to-day decision-making, generating value for a broad range of stakeholders while proactively managing the potential negative impacts of its operations.

Market Leadership and Innovation

We strive to sustain our leadership position by consistently innovating and adapting to emerging market trends. This includes the strategic adoption of advanced technologies and the development of forward-looking financial products tailored to the evolving needs of our clients.

Regulatory and Compliance Excellence

Strict adherence to regulatory standards and industry best practices is fundamental to our operations. We place a high priority on maintaining compliance excellence to preserve stakeholder trust, effectively manage risk and protect the interests of our clients and broader stakeholder community.

Growth and Expansion

Strategic growth and expansion initiatives are essential to our long-term success. We are committed to broadening our market presence, pursuing new opportunities and establishing strategic partnerships that strengthen our service portfolio and extend our geographic footprint.

Stakeholder Value Creation

Generating sustainable value for our stakeholders is a central pillar of our strategic vision. We are dedicated to delivering stable and long-term returns to investors, cultivating collaborative and mutually beneficial partnerships and making meaningful contributions to the communities in which we operate.



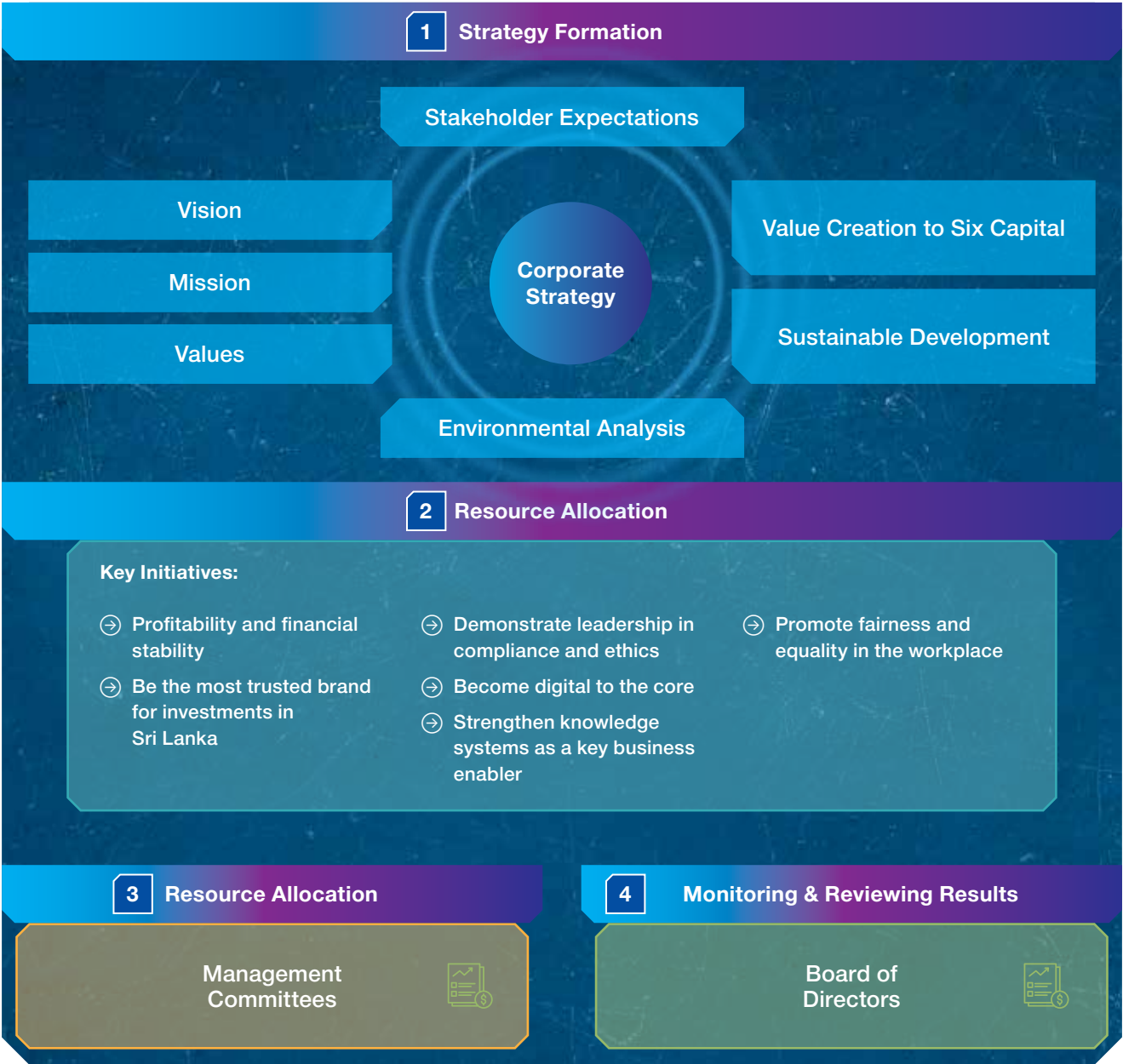
CAL's strategy and strategic imperatives establish a well-defined roadmap for achieving our corporate objectives and preserving our competitive advantage within the financial services industry. By remaining steadfast in our core principles, promoting innovation and prioritizing client satisfaction and sustainability, we are strongly positioned for continued growth and success in an increasingly dynamic and competitive market landscape.

Strategy and Resource Allocation

STRATEGIC VISION

CAL strategic vision is anchored in our commitment to generating long-term value for our shareholders through a diversified portfolio of investment banking services. We aim to be the preferred partner for our clients by providing innovative financial solutions and maintaining a relentless focus on excellence.

CAL's strategy and resource allocation can be divided into four distinct phases of activities.



KEY STRATEGIC PILLARS

Client-Centric Approach

We prioritize building strong, enduring relationships with our clients. Our bespoke solutions are tailored to meet the unique needs of each client, ensuring their success and fostering long-term partnerships.

Innovation and Technology

We leverage cutting-edge technology to enhance our service offerings. By investing in advanced analytics, artificial intelligence and digital platforms, we streamline our processes and provide our clients with sophisticated financial solutions.

Geographic Expansion

We are actively pursuing opportunities in emerging markets to capitalize on their growth potential and diversify our revenue streams.

Talent and Culture

Our people are our greatest asset. We are committed to attracting, developing and retaining top talent. Our culture of excellence, integrity, and collaboration drives our success and differentiates us in the marketplace sustainability.

Sustainability and ESG Integration

We integrate ESG considerations into every aspect of our business strategy. This commitment to sustainability not only aligns with our values but also enhances our long-term viability and meets the growing expectations of our stakeholders.

RESOURCE ALLOCATION

To achieve our strategic objectives, we have adopted a disciplined approach to resource allocation. Our capital deployment is guided by a rigorous evaluation of potential returns and risk factors.

Investment in Technology

A significant portion of our resources is allocated to technology and innovation. This includes upgrading our IT infrastructure, enhancing cybersecurity measures and developing new digital tools to better serve our clients.

Human Capital Development

We invest heavily in our people through comprehensive training programmes, leadership development initiatives and competitive compensation packages. This ensures that we have a highly-skilled and motivated workforce capable of driving our strategic goals.

Market Expansion

We allocate resources to enter and expand in key geographical markets.

Sustainable Practices

We are committed to sustainable and responsible investing. Resources are allocated to initiatives that promote Environmental, Social and Governance (ESG) standards. This not only aligns with our values but also meets the growing demand from clients for sustainable investment options.

Sustainable Practices and ESG Initiatives

We dedicate resources to projects that promote sustainability and responsible investing.

Strategy and Resource Allocation

Our strategy is rooted in CAL's Vision 'To be the leading capital market solution provider in frontier markets.' To realize this Vision, our current strategy is built upon six foundational strategic pillars:

Profitability and Financial Stability	
Key Initiatives for FY 2024/25	Key Outputs for FY 2024/25 (Group)
→ Leveraged our market position and capitalize on the declining yield curve to achieve substantial capital gains within our trading portfolio. → Implemented stringent cost control measures to reduce operational expenses. → Embraced digital operations to reduce administrative costs. → Balance sheet management	→ Profit After Tax (PAT): LKR 4.2 Bn → EPS: LKR 1.88 → NAPS: LKR 9.44 → ROE: 21.08% → ROA: 7.43%
Focus for the Future	
Explore opportunities to broaden fund-based revenue streams.	Deploying Robotic Process Automation (RPA) tools for enhanced internal process automation to boost productivity and decrease operational expenses.
Capital Impacted	Financial Capital
Contribution to SDGs	   

Be the most trusted brand for investments in Sri Lanka	
Key Initiatives for FY 2024/25	Key Outputs for FY 2024/25
→ Implemented a fully functional virtual trading room and maintained uninterrupted operations throughout the year.	→ Fulfilled bid commitments in the primary auctions. → Achieved ZERO downtime throughout the year.
Focus for the Future	
Leveraged on the CAL's new brand identity to position as a leading frontier market in Sri Lanka.	
Capital Impacted	Intellectual Capital
Contribution to SDGs	 

Demonstrate leadership in compliance and ethics	
Key Initiatives for FY 2024/25	Key Outputs for FY 2024/25
→ Conducted quarterly verifications to evaluate the full compliance status of CAL. → Performed bi-annual internal audits. → Deployed a new digital monitoring tool to efficiently track compliance with all regulatory requirements set by the Central Bank of Sri Lanka (CBSL). → Compliance training and ongoing awareness on ethics and integrity. → Conducted annual vulnerability assessments to evaluate the threat level for any potential information security breach.	→ No. of reported incidents for non-compliance of laws and regulations – Zero → No. of reported incidents of ethics violations – Zero → No. of reported incidents regarding breach of information security or customer privacy - Zero
Focus for the Future	
Introducing new tools and techniques to enable regular vulnerability assessments to be conducted internally.	Incorporated mandatory information security training as a routine exercise for all staff.
Capital Impacted	→ Intellectual Capital → Human Capital → Social and Relationship Capital
Contribution to SDGs	   

Promote fairness and equality in the workplace	
Key Initiatives for FY 2024/25	Key Outputs for FY 2024/25
→ Recruitment is based on merit, focusing on knowledge and skills rather than gender, reflecting our strong performance-driven culture. → Work-from-home was seamlessly integrated into the standard work practices.	→ No. of reported incidents of discrimination – Zero → No. of grievances reported – Zero → Obtained 'Great Place to Work' Certification for the period March 2024 to March 2025. → Continued to recognise CAL as a 'Training Partner' by AICPA & CIMA.
Focus for the Future	
Enhance the culture of performance by fostering increased employee engagement and fostering better collaboration among teams.	Emphasized the importance of efficient succession planning.
Capital Impacted	→ Human Capital → Social and Relationship Capital
Contribution to SDGs	    

Strategy and Resource Allocation

Become digital to the core																											
Key Initiatives for FY 2024/25	Key Outputs for FY 2024/25																										
Enhancements were made to the CAL Online mobile and web app to provide customers with a comprehensive digital experience.	- No. of New Digital Customers: 9,429 - Introduced chat with us option via 'WhatsApp BOT'																										
- The customer on-boarding process was integrated into the CAL online mobile and web app. - Enabling instant redemption option for unit trust individuals with a maximum limit of LKR 100,000 per day through the CAL online app. - Integration of the Seylan Portal and the Business Central system to allow a smooth flow of payments on real time. - Automation of payments to Inland Revenue Department through the Seylan Portal at real time.	Number of investments made through the portal (month-wise) VALUE OF TRANSACTIONS Rs. Bn <table border="1"> <caption>Value of Transactions (Rs. Bn)</caption> <thead> <tr> <th>Month</th> <th>Value (Rs. Bn)</th> </tr> </thead> <tbody> <tr><td>Apr-24</td><td>40</td></tr> <tr><td>May-24</td><td>45</td></tr> <tr><td>Jun-24</td><td>38</td></tr> <tr><td>Jul-24</td><td>52</td></tr> <tr><td>Aug-24</td><td>45</td></tr> <tr><td>Sep-24</td><td>52</td></tr> <tr><td>Oct-24</td><td>40</td></tr> <tr><td>Nov-24</td><td>38</td></tr> <tr><td>Dec-24</td><td>45</td></tr> <tr><td>Jan-25</td><td>40</td></tr> <tr><td>Feb-25</td><td>38</td></tr> <tr><td>Mar-25</td><td>45</td></tr> </tbody> </table>	Month	Value (Rs. Bn)	Apr-24	40	May-24	45	Jun-24	38	Jul-24	52	Aug-24	45	Sep-24	52	Oct-24	40	Nov-24	38	Dec-24	45	Jan-25	40	Feb-25	38	Mar-25	45
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Enhanced the onboarding process by incorporating the video technology to streamline the KYC process.																											
Transferred the process of employee recruitment and onboarding to digital platforms.	Enhanced employee experience by integrating digital solutions across all stages of the employment lifecycle.																										
Work-from-home was integrated into the mainstream work practices.																											
Focus for the Future																											
Enhance the existing customer experience through the utilization of the Customer Portal and other digital channels.	Implemented further internal process automation through Robotic Process Automation tools to boost productivity.																										
Upgrade CAL Online Mobile App to CAL Online 2.0 to track clients' investments in real time.																											
Integrate Clients' bank account for seamless fund transfers with JustPay from LankaPay for Client Investments.	Obtained 'Certificate of Recognition' for enabling transactions via JustPay from LankaPay.																										
Capital Impacted	- Manufactured Capital - Intellectual Capital																										
Contribution to SDGs	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS																										

Strengthen knowledge systems as a key business enabler	
Key Initiatives for FY 2024/25	Key Outputs for FY 2024/25
➔ The social media presence of the CAL underwent a revitalization, featuring a greater emphasis on research-based content to enhance customer engagement. ➔ Introduced “AnalytiCAL”, the research solution to CAL customers. ➔ Introduced “CAL GBT”, which is an AI powered chatbot that answers all your questions about the state of the Sri Lankan economy, what investments to consider and how to navigate taxes.	CAL has expanded its market share and strengthened its presence in the financial services sector, gaining notable recognition and popularity, especially among the younger generation.
Focus for the Future	
Create additional client-facing analytics utilizing the internal business intelligence platform.	Invested resources to bolster the capabilities of the analytics unit by implementing AI-based machine learning models.
Capital Impacted	➔ Manufactured Capital ➔ Intellectual Capital ➔ Social and Relationship Capital
Contribution to SDGs	    

Our Approach Towards Sustainable Development

GRI - 2-8, 2-22, 203-1, 203-2, 302-1, 302-4, 401-1

COMMITMENT TO SUSTAINABLE DEVELOPMENT

At CAL, we recognise that sustainable development is essential to the long-term success of our business, our clients, and the communities we serve. Our commitment to sustainable development is embedded in our CAL strategy, operations, and corporate culture. We strive to create value not only for our shareholders but also for society and the environment.

Commitment to ESG Principles

Our ESG framework serves as a guiding force in aligning our operations with global sustainability standards. We actively evaluate the environmental and social impact of our financial decisions, ensuring that our investments and market activities contribute to sustainable progress. Key aspects of our ESG approach include:

Environmental Performance



We are committed to minimizing our carbon footprint by adopting energy-efficient practices.

Indicator		2024/25	2023/24
Paper usage	No.	10,651	19,497
Energy consumption	GJ	900.3	840

Social Performance



We foster financial inclusion, ethical business conduct, and community engagement to promote social well-being and economic empowerment.

Indicator		2024/25	2023/24
EMPLOYEES			
Total employees	No.	194	177
Permanent employees	No.	173	159
Non-permanent employees	No.	21	18
Total employee benefits	LKR Bn	2.0	3.6
Female representation in total workforce	%	52	54
Total no. of injuries	No.	None	None
Employee turnover	%	20	23
No. of staff recruited	No.	48	55
Male	No.	33	35
Female	No.	15	20
No. of interns	No.	12	9
Employee age			
Below 30 years	No.	80	66
30 – 50 years	No.	87	86
Over 50 years	No.	6	7
Training and development	LKR Mn	22.6	6.5
COMMUNITY			
Donations & other social contributions	LKR Mn	26	15
Income tax paid	LKR Mn	5,212	2,534



Governance Performance

Strong governance practices, transparency, and compliance with regulatory standards remain at the core of our operations, ensuring trust and accountability.

Indicator		2024/25	2023/24
BOARD & EXECUTIVE GOVERNANCE			
Board members	No.	9	7
Executive Directors	No.	-	1
Non-Executive Independent Directors	No.	4	2
Non-Executive Non-Independent Directors	No.	5	4
Representation of Independence Directors	%	44%	29%
Board members – Gender-wise			
Male	No.	5	5
Female	No.	4	2
Female representation in Board	%	44%	29%
RISK MANAGEMENT & REGULATORY COMPLIANCE			
Major non-compliances	No.	Zero	Zero
Audit committee meetings conducted	No.	5	2
Audits conducted on management systems	No.	3	3
Policy on environmental, social and governance sustainability	Yes/No	Yes	No
Policy on whistleblowing	Yes/No	Yes	Yes
Policy on anti-money laundering (AML) & know your customer (KYC)	Yes/ No	Yes	Yes

Alignment with the United Nations Sustainable Development Goals (SDGs)

As a responsible financial institution, we acknowledge our role in advancing the United Nations Sustainable Development Goals (UN SDGs). Sustainability principles are deeply embedded in our operations, making sustainable value creation a core element of CAL's growth strategy. In alignment with our business model and stakeholder interests, our sustainability objectives correspond to 12 of the 17 SDGs.

By embedding sustainability into our corporate strategy, we ensure that our financial activities not only drive economic growth but also contribute to a more sustainable and equitable future. Moving forward, we remain dedicated to strengthening our ESG commitments, enhancing sustainable financial practices, and fostering long-term value creation for all our stakeholders.



THE GLOBAL GOALS
For Sustainable Development



Our Approach Towards Sustainable Development

SDGs	Activities achieved in FY 2024/25
No Poverty 	➔ Providing employees with a salary that significantly exceeds the minimum wage in Sri Lanka to ensure their livelihoods are well-supported.
Good Health and Well-being 	➔ Offered healthcare options, promote healthy lifestyles, and ensured decent working conditions. ➔ Invested LKR 9.6 Mn to expand healthcare facilities for 106 staff members. ➔ Extended leave in the event of an illness or complication or risk of complications. ➔ Offered facilities and flexible working hours ➔ Ensured a safe and conducive work environment with zero occurrences of occupational diseases and work-related fatalities.
Quality Education 	➔ Provided learning opportunities to all our team members to enhance their knowledge and skills for sustainable development and pursue sustainable lifestyles. ➔ LKR 22.6 Mn was invested in training and development to hone the skills and capabilities of our team members. ➔ LKR 2.1 Mn was spent on reimbursement of staff professional memberships. ➔ Youth were provided employment opportunities with education support and training opportunities to increase their employability.
Gender Equality 	➔ CAL offers equal opportunities to both men and women and has recruited 42 males and 17 female during the year. ➔ The gender composition of the Group is 28% representing males and 72% representing females.
Clean Water and Sanitation 	➔ Water purifiers have been installed within the office premises to guarantee clean drinking water for employees. ➔ Implemented initiatives to raise awareness among staff members about water conservation and reducing water wastage on the premises, while also ensuring a hygienic office environment.
Affordable and Clean Energy 	➔ Energy consumption during FY 2024/25 was 900.3 GJ with a combative of 840 GJ for FY 2023/24. ➔ Raised employee awareness regarding energy conservation and enhanced energy efficiency.
Decent Work and Economic Growth 	➔ Provide a fair and inclusive work environment, offering equal opportunities to both men and women. Our commitment to non-discrimination extends to all aspects of employment, including recruitment, selection, training, and development, regardless of age, marital status, religious beliefs, or any other legally protected status. ➔ Committed to offering a safe working environment that is free from discrimination. Our zero-tolerance policy towards sexual harassment is reinforced by our policy on sexual harassment, discrimination, bullying, and harassment. This policy outlines clear guidelines for our leaders to ensure the respectful treatment of all colleagues. ➔ We are against child labour. Additionally, CAL rejects and condemns any form of forced labor. We believe that our employees choose to work with us voluntarily and are free to leave according to the terms outlined in their employment contracts. As a result, CAL is committed to ensuring a workplace environment that upholds principles of decency and fairness.

SDGs	Activities achieved in FY 2024/25
Industry, Innovation and Infrastructure 	➔ Dedicated tech team at CAL pushing the boundaries of innovation and R&D. ➔ Moved into cloud technology, deployed a cutting-edge CRM platform, robotic process automation and built our own data analytics platform and a digital investment banking product called 'CAL Portal'.
Reduced Inequities 	➔ Ensure fairness in Company decisions and policy matters.
Sustainable Cities and Communities 	➔ Use separate garbage bins based on bio-gradable and non-bio-gradable in office premises.
Responsible Consumption and Production and Life on Land  	➔ Energy consumption during FY 2024/25 was 900.3 GJ with a combative of 840 GJ for FY 2023/24.
Partnership for the Goals 	➔ Please refer page 68 of this annual report for information on CAL's sustainability business partners. ➔ Partnered with a variety of organisations to further our sustainability goals and contribute to achieving the Sustainable Development Goals.

Value Creation Supported by Our ESG Framework

GRI - 2-23, 2-24

VALUE CREATION SUPPORTED BY OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

Our Environmental, Social and Governance (ESG) framework is designed to drive value creation by embedding sustainable and responsible practices into our core operations. This framework not only ensures compliance with regulatory requirements but also fosters long-term growth, enhances stakeholder trust and builds a resilient business model.

Central to our business strategy is a robust ESG framework that drives value creation. It provides critical insights into the effects of our operations on society and the environment, guiding CAL Group in implementing strong corporate governance practices.



ENVIRONMENTAL STEWARDSHIP

Our commitment to environmental stewardship is central to our ESG framework. We recognise that our operations have an impact on the environment, and we are dedicated to minimizing this impact through sustainable practices. By prioritizing environmental sustainability, we not only reduce operational costs but also enhance our reputation among eco-conscious consumers and investors.

SOCIAL RESPONSIBILITY

Our ESG framework places a strong emphasis on social responsibility, reflecting our commitment to making a positive impact on society. Our focus on social responsibility helps us attract and retain top talent, fosters customer loyalty, and strengthens our community ties.

GOVERNANCE EXCELLENCE

Strong governance and ethical leadership are the cornerstones of our ESG framework. We are committed to upholding the highest standards of integrity, transparency and accountability.

The key aspects of our governance framework include:

- ➔ **Board oversight:** Ensuring that our Board of Directors provides effective oversight and guidance on ESG matters, with dedicated committees focusing on sustainability and ethics.
- ➔ **Risk management:** Implementing robust risk management practices to identify, assess and mitigate ESG-related risks, ensuring long-term business continuity and resilience.
- ➔ **Stakeholder engagement:** Maintaining open and transparent communication with all stakeholders, including investors, employees, customers and communities. We actively seek stakeholder input to inform our ESG strategies and initiatives.

By fostering a culture of ethical leadership and strong governance, we build trust with our stakeholders and ensure that our business practices align with our values.

Strategic Advantage

The insights gained from our ESG framework shape our strategic planning, enabling CAL to anticipate and adapt to industry challenges. By incorporating ESG considerations into our decision-making processes, we mitigate risks and discover new opportunities for innovation and growth. This strategic advantage positions CAL as an industry leader while achieving sustainable success.

Positive Impact and Sustainable Goals

Our ESG framework is instrumental in driving CAL towards its sustainable environmental goals. By leveraging this framework, we make informed decisions that balance economic growth with ecological and social responsibility. This balanced approach ensures the creation of long-term value for CAL shareholders while contributing to a sustainable future for all.

VALUE CREATION THROUGH ESG

Our ESG framework is not just about compliance; it is a strategic driver of value creation. The benefits of our ESG initiatives include:

- ➔ **Enhanced reputation:** Building a strong brand reputation as a leader in sustainability and ethical business practices, attracting customers, investors, and partners who share our values.
- ➔ **Operational efficiency:** Achieving cost savings through resource efficiency, waste reduction, and risk mitigation, leading to improved financial performance.
- ➔ **Innovation and growth:** Encouraging innovation by integrating ESG considerations into product development and business strategies, opening new markets and opportunities for growth.
- ➔ **Resilience and longevity:** Building a resilient business model that can withstand environmental, social, and governance challenges, ensuring long-term success and sustainability.

Environmental

Paperless Office



CAL has significantly reduced paper usage in daily operations by transitioning to a more digitized business model.

Key initiatives supporting this transition include:

- ➔ Process Automation
- ➔ Emphasis on Reusing Paper Before Recycling

Energy Conservation



Electricity from the national grid is our primary energy source for daily operations. Refer page 68 for "Our Approach towards Sustainable Development"

Managing Waste Disposal



CAL ensures environmentally friendly waste disposal in compliance with regulations set by central environmental authorities. E-waste, primarily comprising computers, is either donated or transferred to authorized recyclers.

SOCIAL

Promoting Equality and Expanding Opportunities



We prioritize gender equality and the prevention of discrimination, ensuring equal opportunities for all employees regardless of gender, religion, or race.

Our workforce expansion has created additional employment opportunities for the public.

GOVERNANCE

CAL has voluntarily adhered to the Code of Best Practices in Corporate Governance – 2023.

Our leadership and senior management prioritize good governance and sustainable development.

Operating Landscape

GLOBAL ECONOMIC ENVIRONMENT

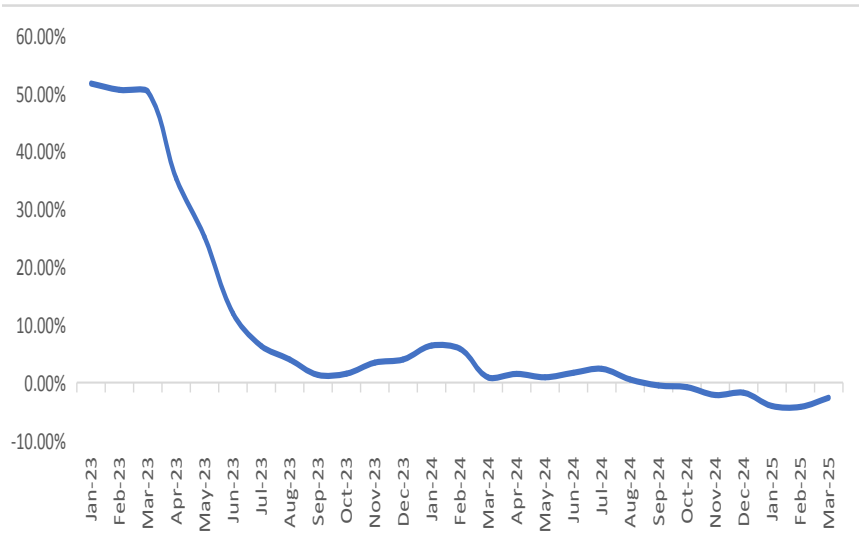
The year 2024/25 stood as a period of recalibrated optimism in the global economic landscape. With most economies gradually recovering from pandemic-induced disruptions and the ripple effects of geopolitical tensions, the world economy transitioned into a phase of measured growth, structural reforms and technological acceleration. Inflationary pressures that had once gripped major economies eased considerably due to proactive monetary tightening and the normalization of global supply chains. However, uneven growth patterns persisted across regions with advanced economies stabilizing while some emerging markets faced capital flow volatility and climate-related challenges. Despite these dynamics, the global economy displayed resilience, underpinned by cooperative fiscal strategies, multilateral development efforts and a renewed focus on sustainable growth.

SRI LANKAN SOCIO-ECONOMIC ENVIRONMENT

Sri Lanka's journey through 2024/25 was marked by cautious recovery and institutional stabilization. Following two years of economic contraction and significant fiscal stress, the country entered a phase of macroeconomic realignment and structural reform. Key indicators began to show improvement from narrowing deficits to easing inflation and signs of consumer confidence returning. The implementation of the domestic debt optimization programme alongside governance and revenue reforms under the IMF-supported programme began to yield tangible results.

The economic landscape saw GDP growth resuming at a modest but encouraging pace, aided by improved agricultural output, a revival in tourism and gradual restoration of investor confidence. The Colombo Consumer Price Index (CCPI) recorded notable disinflation, with inflation entering negative territory by early 2025 a deflation of approximately 2.0% in April. This was attributed to tighter monetary conditions in preceding years, a stronger rupee and subdued domestic demand. Although deflation presented new challenges for policymakers, it was also a reflection of the successful stabilization drive. Citizens began to experience improved purchasing power, greater availability of essential goods and signs of normalcy returning to daily life.

CCPI Headline Inflation (YoY%)



IMF'S INVOLVEMENT AND THE PATH FORWARD

The continued engagement of the International Monetary Fund (IMF) remained central to Sri Lanka's economic strategy in 2024/25. The second and third tranches under the Extended Fund Facility (EFF) were disbursed during this period, contingent upon the successful completion of key structural benchmarks and revenue mobilization efforts. The IMF's technical support extended beyond financing, focusing on institutional capacity-building, improving tax administration and strengthening public financial management. These reforms provided a foundation for more sustainable fiscal trajectories, enhanced transparency and increased credibility among international partners. The Fund's presence acted as a signal of policy continuity, facilitating renewed interest from multilateral and private sector investors.

SRI LANKA'S DEBT DYNAMICS

Public debt sustainability remained a cornerstone of Sri Lanka's macroeconomic agenda. While the debt-to-GDP ratio remained elevated, preliminary signs of stabilization were observed by early 2025. The successful execution of the domestic debt restructuring plan reduced interest obligations, extended maturities and improved rollover prospects. Negotiations with external creditors, both bilateral and private, progressed with a shared commitment to achieving long-term debt sustainability.

Fiscal consolidation measures, including tax reforms and enhanced expenditure control were implemented to support this effort. The fiscal deficit narrowed compared to the previous year and primary surpluses became more attainable. Nonetheless, the path remained challenging, requiring consistent implementation and strong political will.

FOREIGN RESERVES: A GRADUAL REBUILDING

Sri Lanka's foreign reserves showed signs of gradual replenishment in 2024/25. The Central Bank's prudent management of exchange flows alongside IMF inflows and external financing support from development partners helped stabilize reserves. The strengthening of the Sri Lankan rupee against major currencies contributed to a reduction in import costs and supported reserve accumulation.

Efforts to attract non-debt creating inflows, such as foreign direct investment and remittances were stepped up, while strict import prioritization policies were relaxed in a phased manner.

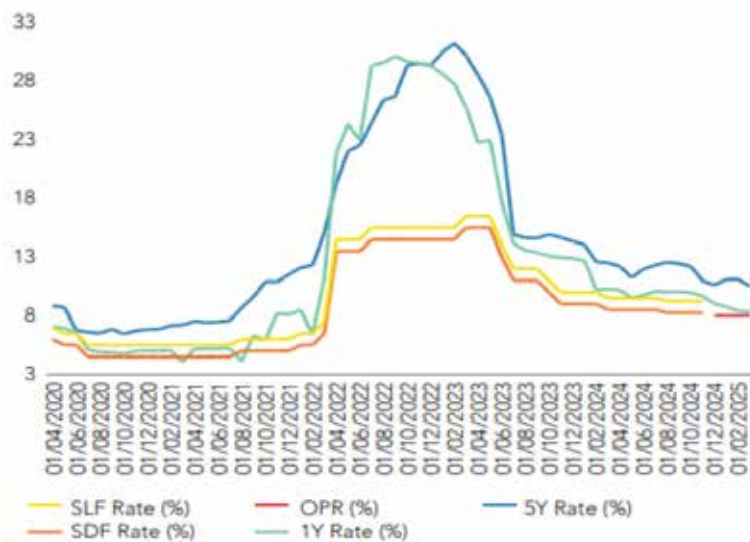
By early 2025, foreign reserves had surpassed critical thresholds enabling the Central Bank to ease certain foreign exchange controls and reassure market participants.

SRI LANKA'S INTEREST RATE LANDSCAPE

Monetary policy underwent a significant evolution during the year. In November 2024, the Central Bank of Sri Lanka adopted a single policy interest rate framework, introducing the Operational Policy Rate (OPR) at 8.0%. Subsequently as deflationary pressures intensified, and inflation remained well below target, the Central Bank cut the OPR by 25 basis points to 7.75% in May 2025. The decision was made to steer inflation expectations back toward the 5% target and stimulate economic activity.

A broad-based decline in interest rates facilitated lower borrowing costs across the economy which encouraged private sector credit growth and supported the recovery in investment sentiment.

Policy Rates



RISK MANAGEMENT IN AN EVOLVING LANDSCAPE

The year 2024/25 demanded renewed focus on corporate resilience and risk management. Businesses restructured operations and diversified its supply chains. Firms increasingly adopted forward-looking risk models and stress-tested their financial strategies against geopolitical, climatic and market-related shocks. Insurance coverage, cybersecurity infrastructure and business continuity planning became central elements in the corporate governance framework.

As policy uncertainty diminished and economic indicators improved, businesses were also encouraged to make strategic bets on growth sectors including renewable energy, export-oriented manufacturing and digital services which emerged as key drivers of medium-term potential.

CONCLUSION

The 2024/25 period was a turning point for Sri Lanka. It marked the emergence from crisis toward cautious stabilization. Through a blend of institutional reforms, multilateral cooperation and macroeconomic discipline, Sri Lanka began to carve a new narrative where one that balances fiscal responsibility with inclusive growth. The road ahead remains complex, yet the foundations laid in this period offer hope for a more resilient and competitive economy. The lessons learnt will shape not only Sri Lanka's policy choices but also its global engagement as the nation navigates its path toward sustainable development and shared prosperity.

Treasury

OPERATING CONTEXT

Between April 2024 and March 2025, Sri Lanka made notable strides in stabilizing its economy, supported by solid growth, disciplined fiscal policy, and constructive engagement with international partners. In 2024, the economy grew by 5%, outperforming IMF projections and signalling a strong post-crisis recovery. Inflation remained below the Central Bank's 5% target, allowing for key monetary reforms, including the adoption of a fixed Overnight Policy Rate in November 2024 to improve policy transparency and effectiveness.

A major political transition occurred in September 2024, with President Anura Kumara Dissanayake of the National People's Power coalition elected President. His administration won a two-thirds parliamentary majority, creating a strong platform for anti-corruption and economic reform. The new government's 2025 budget aimed to achieve a 2.3% primary surplus and increase revenue-to-GDP ratio to 15.1% by focusing on tax and non-tax revenue growth. Despite a projected fiscal deficit of 6.7% of GDP, the budget emphasized debt repayment and fiscal consolidation.

International support remained critical during the ended financial year. The IMF disbursed \$334 Mn following its third programme review, bringing total support to \$1.34 Bn. Sri Lanka also reached major debt restructuring agreements of \$5.8 Bn with official creditors and \$2.5 Bn with Japan, paving the way for resumed development projects and long-term debt sustainability.

PRIMARY DEALER PERFORMANCE

CAL Treasuries concluded FY25 with a net profit of LKR 4.4 Bn, supported by a net interest income of LKR 3.0 Bn and trading gains of LKR 6.1 Bn. While the interest rate dynamics that defined FY23/24 continued where government security yields remained above bank deposit rates the spread narrowed during the year.

Despite this moderation, CAL was able to sustain strong interest from corporate and individual clients in fixed income investments.

The appeal of government securities was partially offset by the resurgence in the equity market, with the ASPI rising sharply from 10,000 in September 2024 to 17,000 by January 2025, attracting some investor flows. Nevertheless, the Company maintained its strong market presence, facilitating client outright transactions amounting to LKR 430 Bn across 3,500 transactions. We also went a step ahead to provide more financial services to our nation by conducting market awareness programmes and educational videos for government securities. The continued confidence placed in CAL by its clientele, along with the Company's operational efficiency and market research, enabled it to navigate a shifting financial landscape effectively.

PRIMARY DEALER VALUE CREATION

	2024/25 LKR Mn.	2023/24 LKR Mn.
Shareholders - Dividends Paid	6,424	2,978
Clients - Interest Expenses Paid	5,842	6,641
Employees - Employee Benefits Paid	555	2,776
Government - Income Taxes Paid	4,713	2,341
Society - Contributions Paid	11	11

FUTURE OUTLOOK

Sri Lanka enters 2025 with cautious optimism, supported by a steady recovery, policy reforms, and improved investor confidence. GDP growth is projected at 5.2%, driven by rising domestic activity, investment, and consumer confidence. The IMF notes that the country has regained nearly 40% of the output lost during its economic crisis. This recovery is anchored in structural reforms under the IMF's Extended Fund Facility, with the government targeting a 2.3% primary surplus and stronger public financial management. The Central Bank has maintained the policy rate at 8% to support economic growth, while inflation is expected to turn positive by mid-2025.

Sri Lanka's external position has improved, aided by ongoing debt restructuring, including a significant \$2.5 Bn agreement with Japan. Politically, President Anura Kumara Dissanayake's administration benefits from a strong parliamentary majority, enabling an ambitious reform agenda focused on governance and anti-corruption. Despite macroeconomic progress, social spending remains low by international standards. Expanding investment in social welfare will be vital to ensuring inclusive development and translating economic gains into broader societal benefit.



Stockbroking

OPERATING CONTEXT

FY25 marks a critical phase in Sri Lanka's ongoing economic recovery following the severe crisis that unfolded in recent years. Building on the foundational reforms implemented in FY23 and FY24, this year has seen further macroeconomic stabilization supported by continued policy discipline and improved investor confidence.

Key contributors to the recovery include a notable increase in tourist arrivals, consistent growth in worker remittances and the stabilization of the Sri Lankan Rupee. Inflation remained within single-digit territory for most of the year, allowing the Central Bank to maintain a broadly accommodative interest rate environment. The Average Weighted Prime Lending Rate (AWPLR) saw a further decline of approximately 270 basis points, easing financing conditions across the economy.

Despite the uncertainty caused by political noise in the first quarter of 2024, market sentiment remained resilient and improved further following the elections in September of that year. Investor appetite was sustained throughout the year, reflected in healthy activity in both the equity and debt markets. The Colombo Stock Exchange (CSE) recorded a moderate yet stable performance, with the All-Share Price Index (ASPI) ending the year with an 37.8% gain driven by renewed domestic investor participation and selected foreign inflows.

Looking ahead, FY26 is poised to benefit from the anticipated conclusion of the IMF's review programme, expected fiscal consolidation efforts and the acceleration of structural reforms. However, careful navigation of the political transition and external debt restructuring will remain essential to preserving economic momentum.

KEY PERFORMANCE HIGHLIGHTS

Building on the strategic momentum established over the past two years, FY25 delivered solid performance across key business segments. Our proactive focus on relationship-driven growth and value-based client acquisition resulted in tangible gains throughout the year.

Market Share Growth: Our continued engagement with High Net-Worth Individuals (HNWIs) and institutional clients contributed to a further increase in stockbroker market share, rising from 9.7% to 10.2%, consolidating our position among the top-tier market players.

Turnover Leadership: For the second consecutive year, we ranked among the top two brokerage firms by annual turnover, underpinned by our research-driven advisory model and high client retention.

Interest Income Resilience: In a persistently low-interest-rate environment, the strategic expansion of our loan book and prudent credit risk management enabled us to maintain healthy interest income levels.

Digital Transformation: FY25 also saw key advancements in our digital infrastructure, enhancing client experience through improved trading platforms and mobile accessibility, supporting higher transaction volumes and operational efficiency.

People and Culture: Continued investment in employee development, training and performance-linked incentives helped us attract and retain top talent, while nurturing a culture of innovation and accountability.

FUTURE OUTLOOK

As we move into FY26, we remain focused on agile execution, diversified revenue growth, and leveraging market opportunities amid the evolving macroeconomic and political landscape. As we look ahead, we remain optimistic about the trajectory of Sri Lanka's capital markets and the evolving role of the stock broking industry in supporting this growth. Investor confidence has notably strengthened, underpinned by improving macroeconomic fundamentals, increased policy stability, and the encouraging performance of the Colombo Stock Exchange. This renewed sentiment lays a strong foundation for continued market expansion in the near to medium term.

Favorable market conditions characterized by declining interest rates, improved liquidity, and positive momentum in both the equity market is creating a compelling environment for retail investor participation. We expect a steady influx of new entrants into the market, particularly from the retail segment, which presents a significant opportunity for the broking industry to expand its client base, introduce innovative digital platforms, and enhance financial literacy among emerging investors.

As market activity increases, industry must also remain vigilant. Regulatory oversight, compliance standards, and ethical practices will be key in ensuring sustainable growth. Our firm remains committed to closely evaluating market trends, investor behavior, and global influences to proactively adapt our strategies and product offerings.

Stock Brokering

STOCK BROKER VALUE CREATION

STAKEHOLDERS	2024/25 LKR Mn	2023/24 LKR Mn
Shareholders as Dividends Paid	173.1	109.2
Creditors as Interest Expenses Paid	68.5	46.5
Employees as Employee Benefits Paid	253.0	236.0
Government as Income Taxes Paid	60.7	86.7
Society as Contributions Paid	8.7	-

The performance of the Capital Alliance Securities (Pvt) Limited (CALs) during FY2024/25 reflects its growing contribution to multiple stakeholders and its broader economic and social impact. The above comparative analysis of the payments made to key stakeholders highlights the firm's commitment to sustainable value creation and stakeholder engagement.

Dividends paid to shareholders increased significantly from LKR 109.2 Mn in FY2023/24 to LKR 173.1 Mn in FY2024/25, representing a 58.5% growth. This reflects improved profitability and a strong return on equity, reinforcing investor confidence in the firm's long-term performance and strategic direction.

Interest payments to creditors rose from LKR 46.5 Mn to LKR 68.5 Mn, indicating the firm's strategic use of debt capital to fund operational or expansion activities. The increased leverage, managed within prudent risk parameters, has likely supported business growth and facilitated improved returns across other stakeholder segments. The interest cost mainly increased as a result of increased broker lending to the investors with the improved market activities witnessed after the presidential election held on September 2024.

Payments to employees in the form of salaries, bonuses, and other benefits grew from LKR 236 Mn to LKR 253.0 Mn, marking a 7.2% increase. This demonstrates the firm's strong emphasis on human capital development, talent retention, and employee welfare. It is also indicative of possible business expansion and the increasing value of employee contributions in a more competitive operating environment.

The firm contributed LKR 8.7 Mn to societal initiatives during FY2024/25, whereas no contributions were recorded in the prior year. This reflects a growing commitment to corporate social responsibility and stakeholder inclusiveness. Investments in community engagement, sustainability initiatives, or industry development are essential to enhancing the firm's social license to operate.

Overall, CALs has demonstrated a balanced and growing value distribution across all stakeholder groups, with particular emphasis on enhancing shareholder returns, employee benefits, and social contributions. The increase in dividends and employee remuneration highlights robust internal value creation, while the debut of community contributions points to the firm's evolving role as a responsible corporate citizen.

As the capital market landscape matures and investor activity broadens, the firm's continued focus on stakeholder-centric growth will be vital in ensuring its long-term sustainability and resilience.

Asset Management

STRATEGY AND PERFORMANCE

Capital Alliance Investments Limited (CALI), as the managing entity for all Unit Trust operations and Private Wealth Management (PWM) services within the Group, delivered a strong financial and operational performance during the financial year ended 31st March 2025.

The company played a pivotal role in driving group revenue, contributing the second-largest turnover of LKR 1,268.5 million for the year - underscoring its importance as a key revenue-generating business segment.

CALI reported a profit of LKR 621 million, reflecting robust operational efficiency and the financial strength of its asset management and wealth advisory platforms. The company's performance was supported by effective portfolio strategies, increased client onboarding, and strong market conditions.

A particularly noteworthy achievement was the significant growth in Assets Under Management (AUM), which increased by LKR 82.8 billion, rising from LKR 156.2 billion in the previous financial year to LKR 239 billion as of 31st March 2025. This represents a growth of over 53%, reflecting the confidence placed in CALI by both institutional and retail investors.

In parallel, CALI's market share within the Unit Trust and PWM industry rose from 19% to 24%, consolidating its position as a leading player in the investment management space. This expansion in market presence indicates the firm's growing influence and competitiveness in an evolving and increasingly sophisticated financial services environment.

These achievements underscore the strategic value of CALI to the Group, both as a strong standalone business and as a driver of broader group performance. With sustained momentum, deepening client relationships, and an expanding product suite, CALI is well-positioned to capitalize on emerging opportunities and continue contributing meaningfully to the Group's growth trajectory.

ASSET UNDER MANAGEMENT

LKR 240 Bn	LKR 156.2 Bn
2024/25	2023/24

UNIT TRUST MARKET SHARE

24%	19%
2024/25	2023/24

FUTURE OUTLOOK

As a leading Managing Company of Unit Trusts, Capital Alliance Investments Limited (CALI) is committed to building a resilient and forward-looking organisation capable of delivering long-term value to investors and stakeholders. Our strategic focus for the coming years will centre on three key pillars: operational excellence, technological integration, and product diversification.

To support our next phase of growth, we are investing in strengthening our internal capabilities and operational infrastructure. This includes a comprehensive review and revamp of our systems and processes to improve scalability and efficiency. We are also prioritizing the continuous upskilling of our team and cultivating a culture of adaptability, agility, and innovation. These initiatives will improve our efficiency ratio and enhance our ability to respond proactively to dynamic market conditions while supporting sustainable and profitable growth.

In line with global trends, we are integrating advanced technology and data analytics into our research and decision-making frameworks. By fostering a data-driven culture, we aim to significantly enhance the accuracy, speed, and depth of our investment insights. This transformation will not only strengthen our research capabilities but will also empower our investment teams to make smarter, faster, and more informed decisions - ultimately improving fund performance and investor outcomes.

Diversification remains a cornerstone of our strategy. We plan to expand into new asset classes and develop innovative investment solutions that align with evolving investor needs. These product enhancements will broaden our market reach, attract new fund flows, and further strengthen CALI's position in Sri Lanka's capital markets. By staying ahead of emerging market trends and investor preferences, we aim to reinforce our reputation as a trusted and dynamic investment partner.

Looking ahead, CALI is well-positioned to capitalize on opportunities in Sri Lanka's maturing financial ecosystem. Through our strategic initiatives, we remain focused on delivering superior value to our clients, advancing industry standards, and driving long-term growth for all stakeholders.

ASSET MANAGER VALUE CREATION

STAKEHOLDERS	2024/25 LKR Mn	2023/24 LKR Mn
Shareholders as Dividends Paid	812.0	476.6
Employees as Employee Benefits Paid	166.1	150.6
Government as Income Taxes Paid	348.2	86.6
Society as Contributions Paid	8.7	-

Corporate Advisory and Global Markets

OPERATING CONTEXT

FY 2024–25 saw a subdued equity-capital-markets environment, with investor appetite remaining constrained despite gradual economic stabilization following the financial crisis. Equity deal flow was muted, though Capital Alliance Partners Limited (CALP) closed six mandates amid a lackluster market. In contrast, the debt-capital-markets segment performed relatively well, as companies refinanced higher-cost borrowings and accessed more favorable financing conditions resulting in seven completed mandates. Overall, capital-market activity lagged the pace of economic recovery.

In FY 2024–25, CALP undertook 26 mandates (13 of which were closed), capturing 40% of Sri Lanka's debt-capital issuances and 50% of listings on the CSE. Revenue was declined from LKR 170.7 Mn to LKR 147.8 Mn with a net profit of LKR 6.9 Mn compared with the loss of LKR 30.4 Mn in the prior year.

- ➔ 2x CSE Listings: CALP advised on the only IPO above LKR 1 Bn in FY25 PickMe (Digital Mobility Solutions Lanka PLC) and managed the introduction of the CAL Five Year Closed End Fund.
- ➔ 4x Debenture Issuances: CALP arranged four debenture issuances LKR 10 Bn for Seylan Bank; LKR 2.5 Bn for DFCC Bank; LKR 2 Bn for Asia Asset; and LKR 10 Bn for Sampath Bank.
- ➔ Major Delisting: CALP advised on the largest delisting on the CSE, Expolanka Holdings PLC facilitating the repurchase of shares valued at LKR 63 Bn.

Equity Capital Markets

CALP executed the year's sole initial public offering above LKR 1 Bn, Digital Mobility Solutions Lanka Ltd. (PickMe), raising LKR 1.56 Bn and attracting subscriptions exceeding four times the offer size on the opening day. Partnering with CALI, CALP also listed by way of introduction the CAL Five Year Closed End Fund on the Colombo Stock Exchange and advised on the LKR 63 Bn delisting of Expolanka Holdings PLC, enabling SG Holdings to buyout the minority shareholders and delist from the CSE.

Debt Capital Markets

In the debt capital markets, CALP acted as joint manager for DFCC Bank PLC's inaugural listed green bond of LKR 2.5 Bn, structured under the ICMA Green Bond Principles and as sole manager for Asia Asset Finance PLC's LKR 2.0 Bn senior debenture. Both offerings were oversubscribed at launch. CALP further arranged Basel III-compliant Tier 2 subordinated debentures totaling LKR 20 Bn for Seylan Bank PLC and Sampath Bank PLC, with each issue fully subscribed on its opening day.

Throughout the year, CALP sustained its presence in both debenture issuances and new market listings, highlighting its resilience in a gradually stabilizing environment.

Debentures - CAL's debenture issuances grew from 1 in FY23 to 4 in FY25, outpacing the market's rise from 5 to 10. After peaking at 67% market share in FY24, CAL still holds a strong 40% share in FY25.

New CSE Listings - CAL has consistently captured 50% of all new CSE listings each year (1 of 2 in FY23; 2 of 4 in FY24 & FY25). Maintaining this share in a flat market underscores CAL's position as the go to IPO advisor.

	2024	2025
Total deal footprint (LKR)	15.9 Bn	100 Bn
Number of Mandates	13	26
Revenue	171 Mn	148 Mn
Profit After Tax (PAT)	(30) Mn	7 Mn

Driven largely by the LKR 63 Bn Expolanka delisting, CALP's total deal footprint expanded from LKR 15.9 Bn to LKR 100 Bn. Despite executing 26 mandates this year, double last year's 13, revenue eased to LKR 148 Mn (from LKR 171 Mn), reflecting smaller deal sizes and more valuation mandates as opposed to full transaction advisory, amid a slowdown in the equity capital raising market.

FUTURE OUTLOOK

In Q1 FY26, CALP secured six new equity mandates and four new debt mandates, marking a strong start to the year, with deals of sizable footprint progressing during the first quarter.

The firm also successfully facilitated the CSE listing of Capital Alliance Holdings Limited (CALH) in Q1 FY26, raising LKR 1.5 Bn in an issue that was oversubscribed 15x on the first day, underscoring robust investor demand.

CALP anticipates a further uptick in deal activity through the remainder of 2025 and FY26 as economic recovery gains traction and funding costs ease. Additionally, the increased market visibility from the CALH listing will assist CALP to capture a larger share of upcoming mandates.

CAL Investments Bangladesh Limited delivered a noteworthy performance during the financial year, recording an operating income of Rs. 185 million. This achievement reflects the resilience and adaptability of the business, demonstrating sustained improvement in performance despite a challenging operating environment.

CONNECTING OPPORTUNITY WITH ACTION



Financial Capital

PHILOSOPHY

Creating Value for all stakeholders by optimal allocation of resources.



The CAL Group concluded the financial year ended 31 March 2025 with a Profit After Tax (PAT) of LKR 4,228 Mn, which is a reduction in comparison to the previous year's PAT of LKR 14,091 Mn. This notable decline was primarily due to the substantial capital gains recorded in the primary dealer business during the previous financial year. Those gains were largely driven by a sharp and sustained decline in interest rates on government securities, whereas the interest rate reduction in the current financial year was comparatively moderate.

In alignment with its growth strategy, the Group expanded its Total Assets to LKR 111,771 Million as of 31 March 2025. This deliberate expansion was based on a forward-looking view of lowering interest rates which will favorably impact on the government securities portfolio. The Group anticipated that this trend would create favorable conditions for the primary dealer business, enabling it to generate robust returns.

The Group's growth in revenue was underpinned by the strong performance of its core business lines, with the Primary Dealer (CALT), Asset Management arm (CALI), and Stockbroking operations (CALS) making significant contributions. Complementing this, the Bangladesh operations also recorded an improvement in performance, reflecting resilience and steady progress despite a challenging operating environment.

In pursuit of its financial goals, the CAL Group adopted a proactive approach, carefully considering the dynamics of the market and adjusting its portfolio to align with the anticipated upward trend in government securities' interest rates. This strategic move reflects the Group's confidence in navigating the challenges of the volatile interest rate environment, with a forward-looking strategy geared towards capitalizing on potential reductions in market interest rates in the future.

Furthermore, the Group recorded a respectable Earnings Per Share (EPS) of LKR 1.88 following the share split, compared to LKR 6.93 in the previous financial year. Given the exceptionally strong performance in the prior year, it is important to normalize those results to enable a more meaningful comparison and analysis. The Net Asset Value per share increased to LKR 9.44, up from LKR 8.67 in the financial year 2023/24.

GROUP PAT

LKR 4,228 Mn **LKR 14,091 Mn**
2024/25 2023/24

GROUP TOTAL REVENUE

LKR 17,076 Mn **LKR 33,049 Mn**
2024/25 2023/24

GROUP EPS

LKR 1.88 **LKR 6.93**
2024/25 2023/24

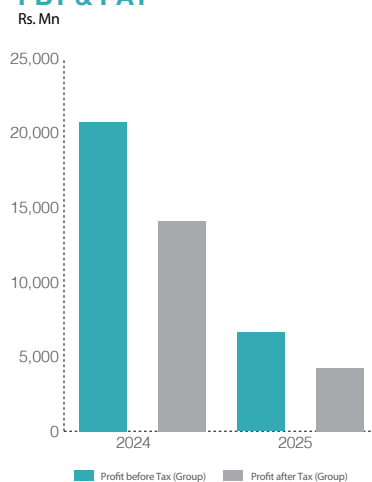
INCOME STATEMENT ANALYSIS

Group Profitability

For the financial year ended 31 March 2025, the CAL Group recorded a notable Profit After Tax (PAT) of LKR 4,228 Mn. This represents a significant decline compared to the previous year's PAT of LKR 14,091 Mn, which was driven by exceptional market conditions. Total Group Income also declined during the year, reflecting the normalization of market dynamics. Operating income stood at LKR 11,049 Mn, compared to LKR 26,221 Mn in the previous year. The substantial deviations in revenue and PAT are primarily attributable to the exceptional capital gains recorded by Capital Alliance PLC in the prior year, which were not replicated in the current year.

Consequently, the Group's Return on Equity (ROE) declined to 21% in FY 2024/25, from the exceptionally high 106.95% reported in FY 2023/24. Similarly, the Return on Assets (ROA) decreased to 7.43% during the year under review, compared to 38.21% in the previous financial year. These declines are primarily due to the extraordinary results recorded in the prior year, which were driven by a sharp decline in interest rates that significantly benefited performance in FY 2023/24.

PBT & PAT



Total Group Income

The Group recorded a gross revenue of LKR 17,076 Mn for the financial year ended 31 March 2025, compared to a total revenue of LKR 33,049 Mn in the previous financial year. The significant decline reflects the normalization of market conditions following an exceptionally strong performance in the prior year. Total Group Income is

comprised of several components, including Interest Income, Fee-Based Income, Other Income, Gains or Losses from Trading Activities, and Net Fair Value Gains or Losses from Financial Assets measured at Fair Value Through Profit or Loss (FVTPL).

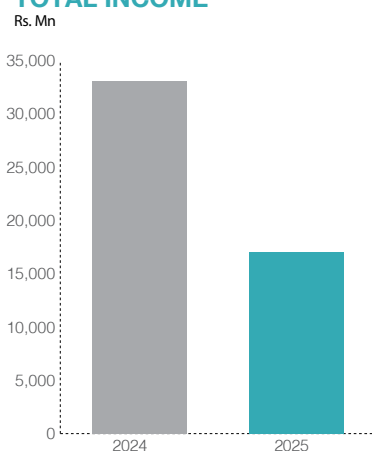
During the financial year, the Group recorded a slight decline in Interest Income, which decreased from LKR 10,742 Mn in 2023/24 to LKR 9,337 Mn. This reduction is directly attributable to the lower interest rate environment, which affected the Group's significant investments in Government Securities measured at Fair Value Through Profit or Loss (FVTPL). Despite a substantial increase in the size of the investment portfolio, the declining interest rates led to a lower yield, resulting in a drop in overall Interest Income.

Conversely, Fee-Based Income recorded a healthy growth of 11%, rising to LKR 2,534 Mn as of 31 March 2025, compared to LKR 2,291 Mn in the previous financial year.

Financial Capital

The Group's revenue saw a significant decline in FY 2024/25, primarily due to a sharp reduction in net gains from trading activities, which dropped to LKR 6,655 Mn from LKR 19,061 Mn in FY 2023/24. This decline was largely attributed to the lower interest rate movements during the year, in contrast to the steep rate cuts in the previous year that had driven substantial capital gains on government securities. These capital gains had been a key contributor to the Group's total revenue in 2023/24. Additionally, net gains from the remeasurement of financial assets at fair value through profit or loss (FVTPL) also declined, shifting from a gain of LKR 882 Mn in the previous year to a loss of LKR 1,518 Mn in 2024/25.

TOTAL INCOME



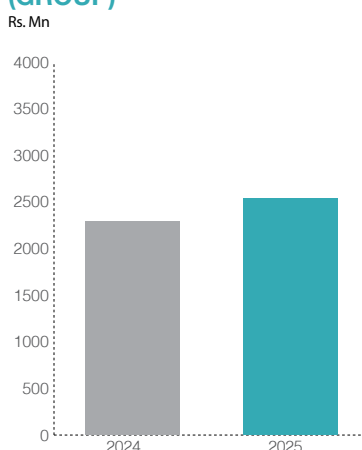
NET INTEREST INCOME

LKR 3,368 Mn **LKR 3,982 Mn**
2024/25 **2023/24**

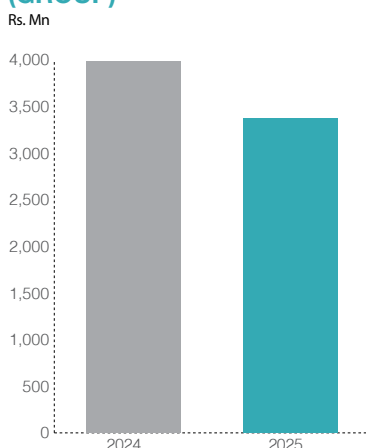
Fee Based Income

The Group's fee-based income recorded a moderate increase in FY 2024/25, rising to LKR 2,534 Mn from LKR 2,291 Mn in the previous year. This income stream includes revenue generated from placement fees, management fees, share brokerage activities, as well as fees from private wealth management (PWM) and unit trust management services.

FEE BASED INCOME (GROUP)



NET INTEREST INCOME (GROUP)



Traditionally, CALP, CALS, and CALI have been the key subsidiaries driving the Group's fee-based income. During the period under review, CALI remained the leading contributor, although its fee-based income recorded a slight decline to LKR 1,268 Mn in FY 2024/25, compared to LKR 1,332 Mn in FY 2023/24. In

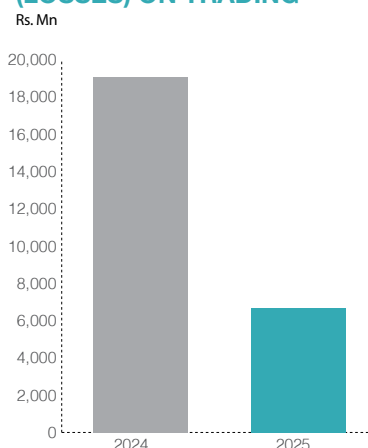
contrast, Capital Alliance Securities (Private) Limited reported a significant increase in fee-based income, rising from LKR 441 Mn to LKR 844 Mn, supported by improved activities in the stock market.

Net Gains/(Losses) on Trading

For the financial year ended March 31, 2025, the Group reported a moderate net gain of LKR 6,655 Mn from trading activities, a substantial decrease compared to the net gain of LKR 19,061 Mn recorded in the previous financial year, 2023/24. This reduction of capital gains was mainly due to the interest rate normalization compared to the previous financial year. The gain was largely driven by the positive performance of Treasury Bonds portfolio of Capital Alliance PLC, which contributed LKR 5,977 Mn to the total net gains. This contribution formed a significant portion of the Group's overall trading success for the year.

Net capital gains/(Losses) on trading consist mainly of Net gains/(Losses) on Treasury Bills, Treasury Bonds, Investments in unit trusts, and Shares.

NET CAPITAL GAINS / (LOSSES) ON TRADING



NET GAINS FROM TRADING

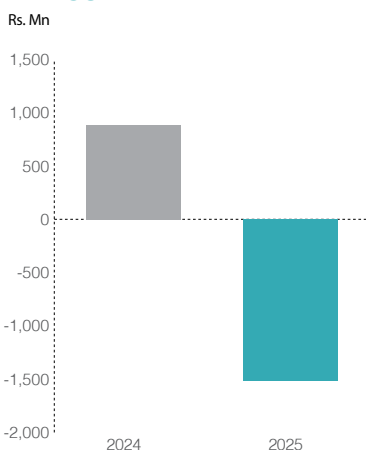
LKR 6,655 Mn **LKR 19,061 Mn**
2024/25 **2023/24**

Net Fair Value gains/(losses) from Financial Assets at FVTPL

In the financial year 2024/25, the Group incurred a remeasurement loss of LKR 1,681 Mn on government securities, primarily due to the realization of a substantial portion of previously accumulated capital gains through trading activities. Conversely, the Group recorded remeasurement gains of LKR 120 Mn on equity investments, reflecting a favourable market valuation of certain shares. Additionally, gains of LKR 246 Mn were realized on Unit Trusts, indicating a modest positive performance in those instruments.

Despite these individual gains, the total remeasurement gains on financial assets measured at fair value through profit or loss (FVTPL) declined during the year. This overall reduction was mainly driven by the realization of significant capital gains on government securities earlier in the period, leaving fewer unrealized gains to be reflected through remeasurement at year-end.

NET FAIR VALUE GAINS FROM FINANCIAL ASSETS MEASURED AT FVTPL



Operating Expenses

During the financial year 2024/25, the Group successfully reduced its operating expenses by LKR 1,106 Mn, reflecting prudent cost management efforts across its operations. However, despite this commendable reduction in expenses, the Group's cost-to-income ratio increased significantly to 40%, up from 21% in the previous financial year. This notable rise was primarily due to the normalization of revenue streams in 2024/25, following an exceptionally strong performance in 2023/24, which was marked by abnormal capital gains particularly within the Primary Dealer segment driven by a steep decline in interest rates.

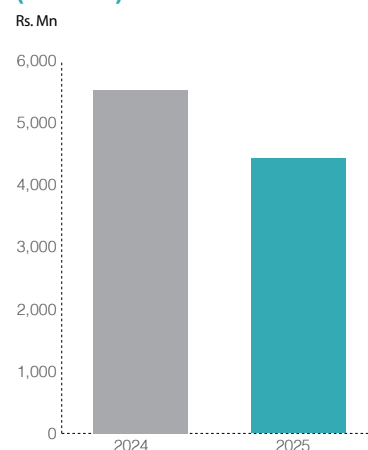
The primary contributor to the reduction in the Group's operating expenses for the financial year 2024/25 was a notable decline in personnel expenses, which accounted for LKR 1,564 Mn of the overall expense reduction. This decrease was largely driven by adjustments to performance-based incentive payments. As these incentives are closely tied to the Group's financial performance, the moderation in earnings for the year resulted in lower payouts. This approach reflects the Group's performance-driven culture, aligning employee rewards with overall business outcomes and reinforcing its commitment to recognizing and incentivizing contributions that drive success.

On the other hand, the Group experienced an increase in other operating costs amounting to LKR 459 Mn. A substantial portion of this rise was attributed to Financial Services VAT (FSVAT) incurred in relation to the Group's primary dealer operations and the dividend tax expense for the dividends declared by the subsidiaries of the parent company. This increase in indirect tax costs reflects the regulatory and fiscal environment impacting the financial services sector and highlights the need for ongoing vigilance in managing compliance-related expenditure. Despite this increase, the

Group maintained strong overall cost discipline, ensuring that total operating expenses remained well-aligned with normalized revenue levels.

Total Operating expenses

OPERATING EXPENSES (GROUP)



Profit Before Tax (PBT) & Profit After Tax (PAT)

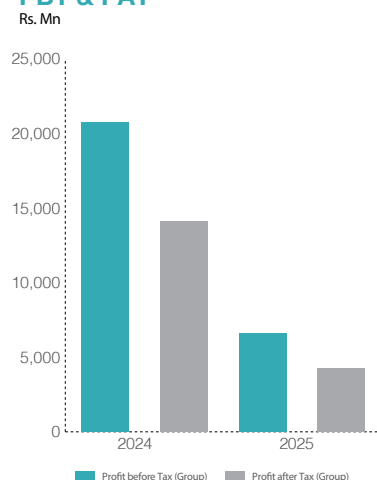
In the financial year 2024/25, the Group reported a Profit Before Tax (PBT) of LKR 6,626 Mn, representing a significant decline compared to the all-time highest PBT of LKR 20,714 Mn recorded in the previous year. This reduction is primarily attributed to the normalization of market conditions, including a stabilization in interest rates and a more moderate level of trading activity, especially within the government securities market, compared to the exceptional environment seen in FY 2023/24.

Following this trend, the Group's Profit After Tax (PAT) for the year ended 31 March 2025 amounted to LKR 4,228 Mn, a substantial decrease from the LKR 14,091 Mn posted in the previous financial year. This sharp decline further reflects the impact of a more normalized operating environment and the absence of the one-off capital gains that significantly boosted earnings in the prior period.

Financial Capital

For the year under review, the Group incurred a total tax expense including both current and deferred tax of LKR 2,399 Mn. This tax charge reflects the profitability of the Group across its business segments and is aligned with applicable tax regulations.

PBT & PAT



FINANCIAL POSITION ANALYSIS

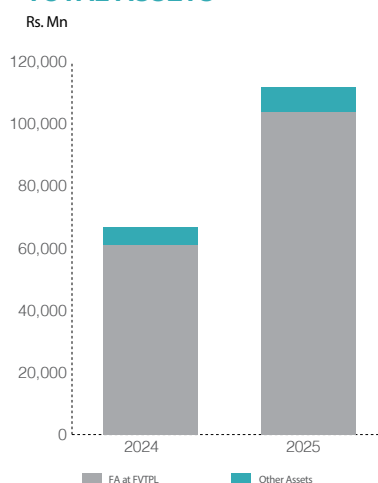
Group Assets

During the financial year 2024/25, the economy continued to experience a declining interest rate environment, although the rate of decline was more moderate compared to the steep reductions seen in the previous year. Despite the slower pace of decline, CALT the primary dealer arm of CALH strategically positioned itself to take advantage of the continued downward trend in yields. By closely monitoring market signals and leveraging its in-depth expertise in fixed income securities, the entity was able to increase its exposure to government securities, optimizing its investment portfolio to benefit from the prevailing interest rate movements.

In anticipation of this favorable trend, the Group undertook a proactive expansion of its asset base. Total assets surged from LKR 66,591 Mn in the previous year to LKR 111,771 Mn as at 31 March 2025, reflecting a significant year-on-year increase. This remarkable growth underscores the Group's strategic foresight and capability in responding effectively to macroeconomic shifts.

The considerable rise in total assets is primarily attributable to a substantial increase in Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL). These investments amounted to LKR 103,817 Mn in FY 2024/25, compared to LKR 60,881 Mn in the previous year-marking a sharp and deliberate expansion of the Group's trading portfolio. This increase not only demonstrates the Group's confidence in the market but also reinforces its ability to deploy capital efficiently to generate enhanced returns.

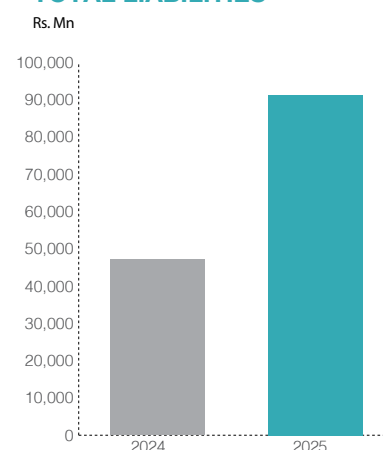
TOTAL ASSETS



Group Liabilities

The Group's total liabilities increased to LKR 91,177 Mn during the financial year 2024/25, representing a 93.7% rise compared to the previous year. This significant increase was primarily driven by a LKR 48,068 Mn growth in Financial Liabilities measured at Amortized Cost, reflecting the Group's expanded funding base to support its enlarged asset portfolio. Offsetting this to some extent, income tax payable decreased by LKR 2,828 Mn during the year. As at 31 March 2025, the Group's income tax payable stood at LKR 2,164 Mn.

TOTAL LIABILITIES

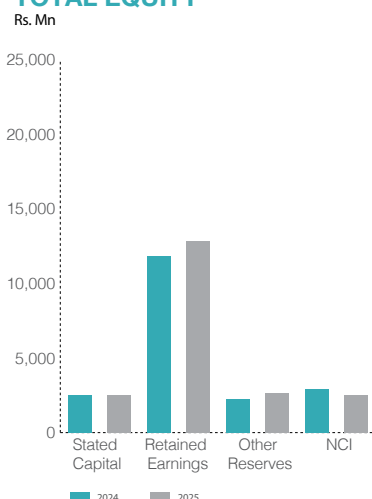


Equity

Total equity attributable to shareholders recorded a notable increase during the financial year 2024/25, rising by LKR 1,475 Mn to reach LKR 18,066 Mn as at 31 March 2025. This growth in equity reflects the Group's strong underlying fundamentals and resilience in a normalized market environment. The primary drivers of this increase were the improved profitability of key subsidiaries CALT and CALI which delivered solid financial performances despite the absence of the exceptional market conditions seen in the previous year.

Both entities demonstrated effective execution of their business strategies, prudent risk management, and an ability to adapt to evolving market dynamics. CALT continued to capitalize on opportunities within the government securities market, while CALI contributed significantly through consistent fee-based income from asset and wealth management services. Their combined contributions strengthened the Group's earnings base, which in turn enhanced retained earnings and overall shareholder equity. This positive development reinforces the Group's financial stability and its commitment to delivering long-term value to shareholders.

TOTAL EQUITY



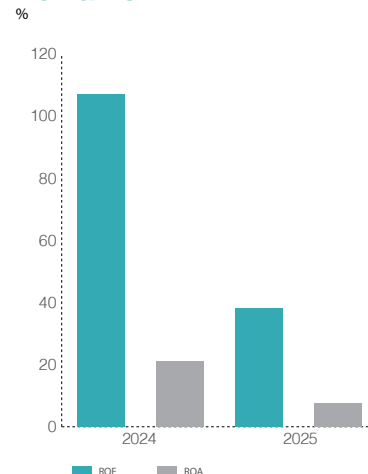
Return on Equity (ROE) and Return on Assets (ROA)

For the financial year ended 31 March 2025, the Group reported a Return on Equity (ROE) of 21%, a decrease from the exceptionally high ROE of 107% recorded in the previous financial year. Similarly, the Group's Return on Assets (ROA), net of tax, stood at 7.43% for FY 2024/25, reflecting a significant drop from the previous year's level.

The decline in both ROE and ROA is primarily attributable to the normalization of earnings following an extraordinary financial performance in FY 2023/24. The prior year's results were significantly enhanced by one-off capital gains, particularly within the Primary Dealer segment, driven by a sharp and sustained decline in interest rates. These gains had an outsized impact on profitability and returns, pushing both ROE and ROA to historically high levels.

In contrast, FY 2024/25 reflects a more stable and recurring earnings environment, characterized by moderated interest rate movements and normalized market activity. While the returns have declined on a year-on-year basis, they still indicate a healthy level of profitability and efficient use of shareholder capital in a more balanced operating context. The current year's performance provides a more realistic benchmark for evaluating the Group's long-term value creation and operational effectiveness.

ROE & ROA



NAV PER SHARE

LKR 9.44 **LKR 8.67**
2024/25 **2023/24**

EARNINGS PER SHARE (EPS) AND NET ASSETS VALUE PER SHARE

As at 31 March 2025, the Group reported Earnings Per Share (EPS) of LKR 28.26 (prior to the share split), compared to LKR 103.97 recorded at the end of the previous financial year. The Net Asset Value (NAV) per share before split stood at LKR 141.54 as at 31 March 2025, reflecting an increase from LKR 129.99 as at 31 March 2024. The variations in EPS and NAV per share figures are influenced by the share split executed during the financial year, the details of which are outlined below.

Group	2025		2024	
	Before Share Split	After Share Split	Before Share Split	After Share Split
Earnings Per Share (EPS)	28.26	1.88	103.97	6.93
Net Assets Value Per Share (NAVPS)	141.54	9.44	129.99	8.67

Manufactured Capital

GRI - 205-2

PHILOSOPHY

The nature of the CAL Group's businesses is such that our **Manufactured Capital** is largely made up of digital assets. Therefore, our goal is to **continuously invest in building up digital interfaces** to be able to consistently increase our outreach over time.

CAL Group - Manufactured Capital Value Creation

Inspired Innovations

Strategic Priorities

Digital Transformation

Key Drivers

➞ Technology Roadmap

Value Created to

Sustainable Development

The nature of the CAL Group's businesses is such that our Manufactured Capital predominantly comprises digital assets. Accordingly, we remain committed to continuous investment in advanced digital interfaces, enabling us to expand our outreach and deliver an enhanced client experience.

During the financial year 2024/25, CAL undertook significant enhancements to strengthen our service capabilities and digital infrastructure. A key milestone was the reduction of the minimum investment amount for Treasury Bills from LKR 500,000 to LKR 40,000. This strategic decision broadened market access, attracting a substantial number of new retail investors and expanding our client base, reinforcing our commitment to inclusivity in investment opportunities.

Further improvements included the introduction of the Instant Redemption feature for Unit Trust customers, allowing withdrawals directly to bank accounts at any time, including weekends and holidays. The equity trading process was also enhanced through the integration of JustPay into the Pay-In function, enabling clients to transfer funds from their bank accounts directly into their equity trading accounts without intermediary steps, ensuring speed and efficiency.

The enhancement of our digital platform portal and CAL Online Mobile App played a central role in this expansion. Over 8,500 new customers were onboarded via these platforms, benefiting from their user-friendly design and comprehensive functionality. Increased engagement from retail investors using the mobile app contributed to a record level of activity, with clients conducting transactions exceeding LKR 50 Bn during the year.

To accommodate this growth, we upgraded our primary dealing and wealth management systems, as well as our client-facing mobile and CAL Online platforms. These upgrades ensured the capacity to manage current transaction volumes while preparing our systems for future growth.

Customer service capabilities were also enhanced. AI-powered chatbots were integrated to provide accurate, real-time responses to client queries, improving the efficiency of support services. In addition, a new Customer Experience center was established to facilitate client onboarding and provide ongoing assistance.

Significant measures were implemented to strengthen cybersecurity. Key initiatives included the deployment of AWS GuardDuty and Microsoft Defender for Cloud, the completion of a Cyber Security Posture Assessment based on the NIST 2.0 Framework, CAL Portal Web Application Penetration Testing, and FIS System SSL Integration to secure communications across financial systems. Further, simulated phishing attacks and comprehensive staff training programmes were conducted to increase awareness and preparedness against cyber threats. Annual Vulnerability Assessment and Penetration Testing (VA/PT), along with a full CAL Cyber Security Posture review, ensured that systems and infrastructure remained resilient against evolving risks.

The fiscal year 2024/25 represented a period of substantial progress in enhancing digital capabilities, expanding market accessibility, and strengthening security. These initiatives have significantly improved service delivery, operational resilience, and client trust. CAL remains committed to delivering secure, efficient, and innovative investment experiences that support sustainable growth.



Contribution to Sustainable Development Goals



Intellectual Capital

PHILOSOPHY

Invest in strengthening the key intangible assets including brand and knowledge systems that give the CAL Group its competitive edge and validates its leadership position in the market.

CAL Group - Intellectual Capital Value Creation Model

Inspired Innovations (II) / Client Centricity (CC)

Strategic priorities

Brand Reputation

Knowledge Systems

Key Drivers

- | | |
|-------------------------|--------------------------------|
| → Industry Standing | → Research |
| → Regulatory Compliance | → IT Infrastructure |
| → Ethics and Integrity | → Information Security Systems |
| → Partner Networks | |

Value Created to

Investors, Employees, Clients & Society



Sustainable Development

CREDIT RATING

At the CAL Group, **intellectual capital** forms the backbone of our sustained performance and competitive edge. It encompasses a combination of intangible yet highly valuable assets, most notably, our **well-established and trusted brand**, our **highly-skilled and experienced human capital**, and our **robust internal knowledge systems**. Together, these elements enable us to drive operational excellence, adapt swiftly to changing market conditions, and deliver superior value to our stakeholders.

Our **brand reputation**, built over years of consistent delivery, ethical practices, and client-centric services, positions CAL as a respected and reliable name in the Sri Lankan capital markets. This strong brand equity not only supports customer loyalty but also enhances our market credibility and stakeholder confidence.

Equally critical is our **human capital**, comprising a team of talented professionals across investment banking, treasury, asset management, and advisory services. We continuously invest in their development through training, exposure to complex market transactions, and leadership opportunities. This intellectual agility translates into innovation, efficient execution, and strong decision-making, which drives our profitability, productivity, and long-term growth.

Our **knowledge systems**, including integrated technology platforms, research capabilities, and institutional memory, empower our teams with accurate insights, data-driven strategies, and risk-informed decision-making processes. These systems ensure that we maintain high standards of governance, operational efficiency, and client service.

As a testament to our strong financial position and operational soundness, both **Capital Alliance PLC** and **Capital Alliance Holdings Limited** have been awarded a credit rating of '**A**' (**Stable**) by **Lanka Rating Agency Limited**. These ratings reflect not only our robust financial performance and disciplined risk management practices but also the strength of our strategic direction and organisational fundamentals.

In essence, our intellectual capital is a key enabler of value creation across the Group. It supports sustained business performance, builds investor and client trust, and reinforces our leadership position in Sri Lanka's financial services landscape.

TECHNOLOGICAL DEVELOPMENTS



The financial year 2024/25 marked a significant leap in CAL's digital transformation journey, aimed at improving accessibility and client convenience. We reduced the minimum Treasury Bill investment from LKR 500,000 to LKR 40,000, enabling broader participation from retail investors. Key innovations included the introduction of Instant Redemption for Unit Trust customers, allowing withdrawals at any time, even on weekends and holidays, and the integration of JustPay, which streamlined fund transfers from bank accounts to equity trading accounts. Enhancements to the CAL Online portal and mobile app resulted in over 9,000 new client onboardings and transactions exceeding LKR 50 billion, supported by system upgrades to our primary dealing and wealth management platforms for scalability and performance. Additionally, AI-powered chatbots and a new Customer Experience center were introduced to deliver real-time support and elevate client service standards.

INFORMATION SECURITY SYSTEMS

Recognizing the increasing sophistication of cyber threats, CAL implemented comprehensive security measures guided by the NIST 2.0 Cybersecurity Framework to safeguard systems and data. Key initiatives included the deployment of AWS GuardDuty and Microsoft Defender for Cloud, SSL integration across financial platforms, and penetration testing for the CAL portal. A full Cybersecurity Posture Review and annual Vulnerability Assessment and Penetration Testing (VA/PT) were completed to ensure ongoing resilience. To strengthen the human firewall, we introduced simulated phishing attacks and mandatory employee security training, reinforcing awareness and reducing risk exposure. These measures underscore our commitment to maintaining a robust, secure, and trusted digital environment for clients and stakeholders.



Intellectual Capital

REGULATORY COMPLIANCE

Businesses internalise laws and regulations through their policies, procedures, and oversight mechanisms. Each business head is responsible for adhering to all relevant laws, rules, and regulations, as well as monitoring any new developments. Specific governance structures are established to ensure CAL Group's full compliance with all laws and regulations at all times. Comprehensive details regarding the CAL Group's compliance status are provided in the Compliance Report on pages 108-151.

Rules and Regulations	Oversight Responsibility
Laws, rules, regulations, directives and circulars issued by Central Bank of Sri Lanka	Compliance & Risk Department
Laws, rules, regulations, directives and circulars issued by Financial Intelligence Unit of Central Bank of Sri Lanka	Compliance & Risk Department
Securities and Exchange Act No. 36 of 1987 and other Laws, rules, regulations, directives, circulars issued by the Securities and Exchange Commission of Sri Lanka	Compliance & Risk Department
Rules, Directives and Circulars issued by the Colombo Stock Exchange	Compliance & Risk Department
Rules, Directives and Circulars issued by the Colombo Stock Exchange through Central Depository System	Company Secretary Finance Department Compliance & Risk Department
Companies Act No. 07 of 2007	Finance Department
Foreign Exchange Act No. 07 of 2017 and other related laws, regulations, Directions and Circulars issued by the Department of Foreign Exchange of Central Bank of Sri Lanka	Compliance & Risk Department
Inland Revenue Act No. 24 of 2017 and other related laws, regulations, Directions and circulars issued by the Inland Revenue Department of Sri Lanka	Finance Department
Laws, Rules, Directions and Circulars governing labor and employment laws	Human Resource Department

Additionally, we believe that compliance is the responsibility of every employee, so we have continued to raise awareness among our teams through ongoing training.

ETHICS AND INTEGRITY

The CAL Group's commitment to ethics and integrity is deeply embedded in our core values and has guided our operations since inception. The Code of Conduct is fundamental to our commitment to conducting business legally, ethically, and with integrity. It outlines our position on key issues such as confidentiality, fair dealing, conflicts of interest, anti-bribery and corruption, anti-money laundering, anti-competitive behavior, and intellectual property rights. This Code serves as the primary guideline to assist all Directors and employees in making ethical business decisions in their daily work.

Additionally, our whistleblowing policy provides a channel for Directors and employees to report any observed misconduct or unethical practices within the Company. Notably, there were no incidents reported through CAL's whistleblowing policy during the current financial year.

Focus on the Future

Long Term Initiatives



- Use AI and machine learning to improve data analytics and decision-making.
- Make information security training a regular practice for all employees.
- Introduce Robotic Process Automation (RPA) to streamline processes and increase efficiency.

Medium Term Priorities



- Build client-focused analytics tools using our BI platform.
- Add new tools for regular internal security checks and vulnerability assessments.
- Improve customer experience by upgrading CAL online and mobile app.

Contribution to Sustainable Development Goals



Human Capital

GRI - 2-7, 2-8, 2-25, 401-1, 401-2, 401-3, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1

HR PHILOSOPHY

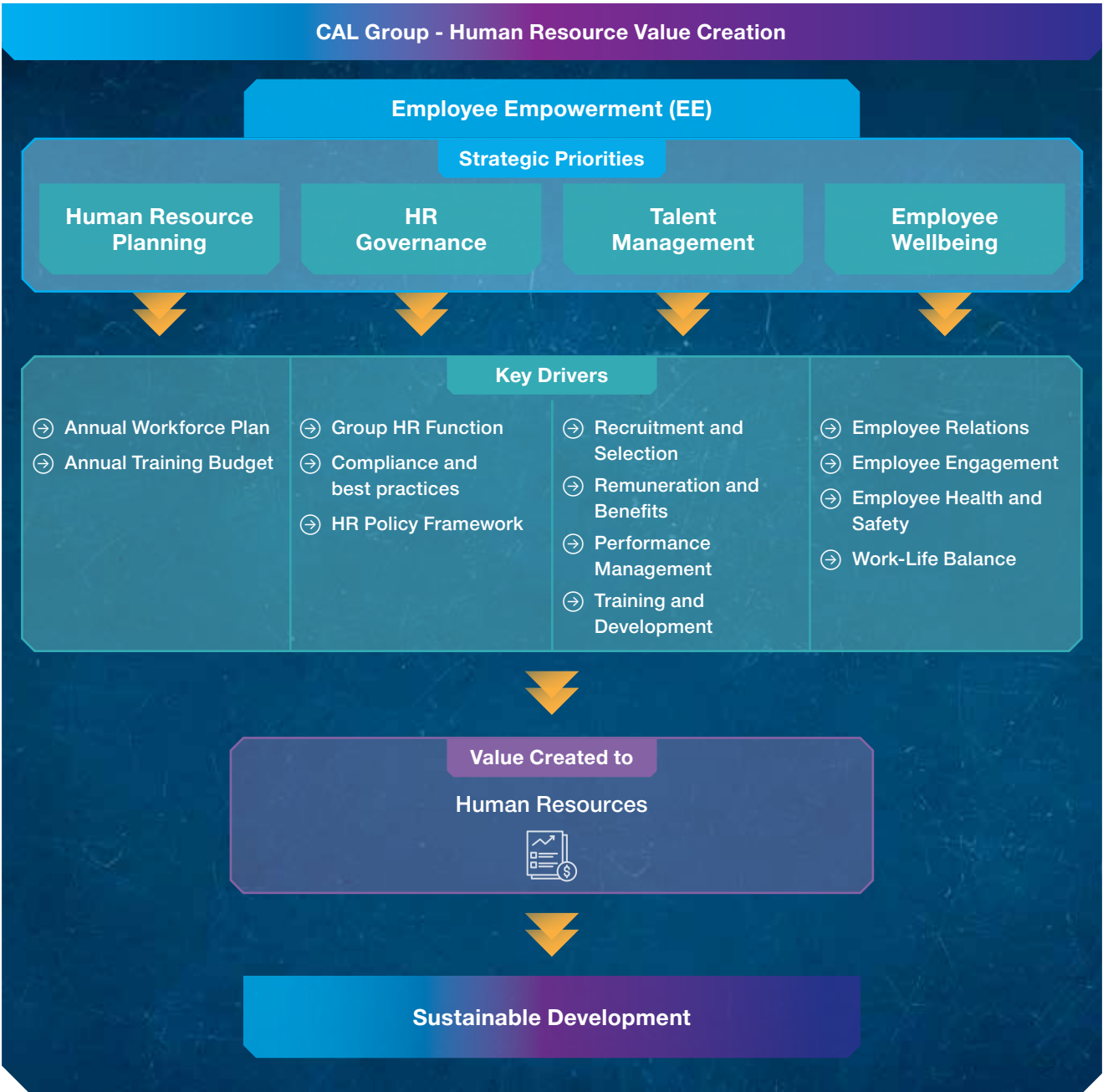
At CAL Group, our Human Resource philosophy is anchored in four fundamental principles:

- ➔ Commitment to Equal Opportunity

➔ Meritocracy: The Best Ideas Prevail
- ➔ Investment in Learning and Development

➔ Creating a Balanced and Inclusive Workplace

These principles form the backbone of our approach, fostering an environment where all employees thrive through meaningful and engaging career experiences at CAL Group.



HUMAN RESOURCE PLANNING

Annual Workforce Planning

The cornerstone of our HR strategy lies in meticulous workforce planning, ensuring that all business units are well-staffed to meet operational needs. The process, led by department heads in collaboration with the CEO, involves proactive planning and finalization ahead of the fiscal year. This collaborative approach, overseen by the Group Chief Human Resources Officer, guarantees alignment with organisational goals.

Key Figures - Service Tenure

We observed the following distribution of employees based on their service duration:

Service Period	2024/25	2023/24
Under 01 year	41	14
1-5 Years	99	100
6-10 Years	18	26
11-15 Years	5	9
16-20 Years	6	6
21+ years	4	4

ANNUAL BUDGET FOR LEARNING AND DEVELOPMENT

The annual Learning and Development budget constitutes a pivotal component of our overarching human resource value creation strategy. In alignment with the annual workforce planning process, departmental training requirements for the forthcoming fiscal year are proposed by respective department heads and subsequently incorporated into the corporate budget, subject to the Chief Executive Officer's approval.

Our training framework remains a cornerstone of employee development, with identified training needs systematically integrated into the corporate financial planning cycle.

Total Training Budget Allocation (LKR)	35.3 Mn
Total Training Budget Incurred (LKR)	22.6Mn
No. of Training Programmes Held	61
No. of Training Hours	1,924
Average Training Hours per Employee	19

Programmes include professional, technical, and compliance training.

HR GOVERNANCE

Group HR Leadership

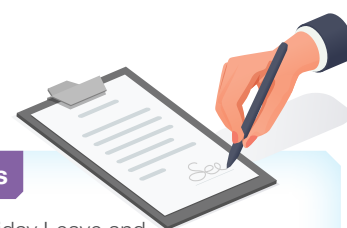
The Group HR Function ensures compliance with labor laws and adherence to CAL's HR standards, fostering a workplace that reflects our core values of equity and respect. The Remuneration Committee provides leadership on the governance aspects of HR.

Compliance and Policies

Aligned with international conventions like the ILO and UN Global Compact, CAL is committed to creating an inclusive and safe workplace. Policies such as the Sexual Harassment Policy and Grievance Handling Policy ensure employees' rights are protected. Annual diversity workshops reinforce our commitment to inclusivity.

Policies To Safeguard Employee Interests

- ➔ The Policy on Sexual Harassment, Discrimination, Bullying and Harassment
- ➔ Holiday Leave and Sabbatical Policy
- ➔ Grievance Handling Policy
- ➔ Performance Management Policy
- ➔ Paternity Leave Policy
- ➔ Membership Subscription Policy



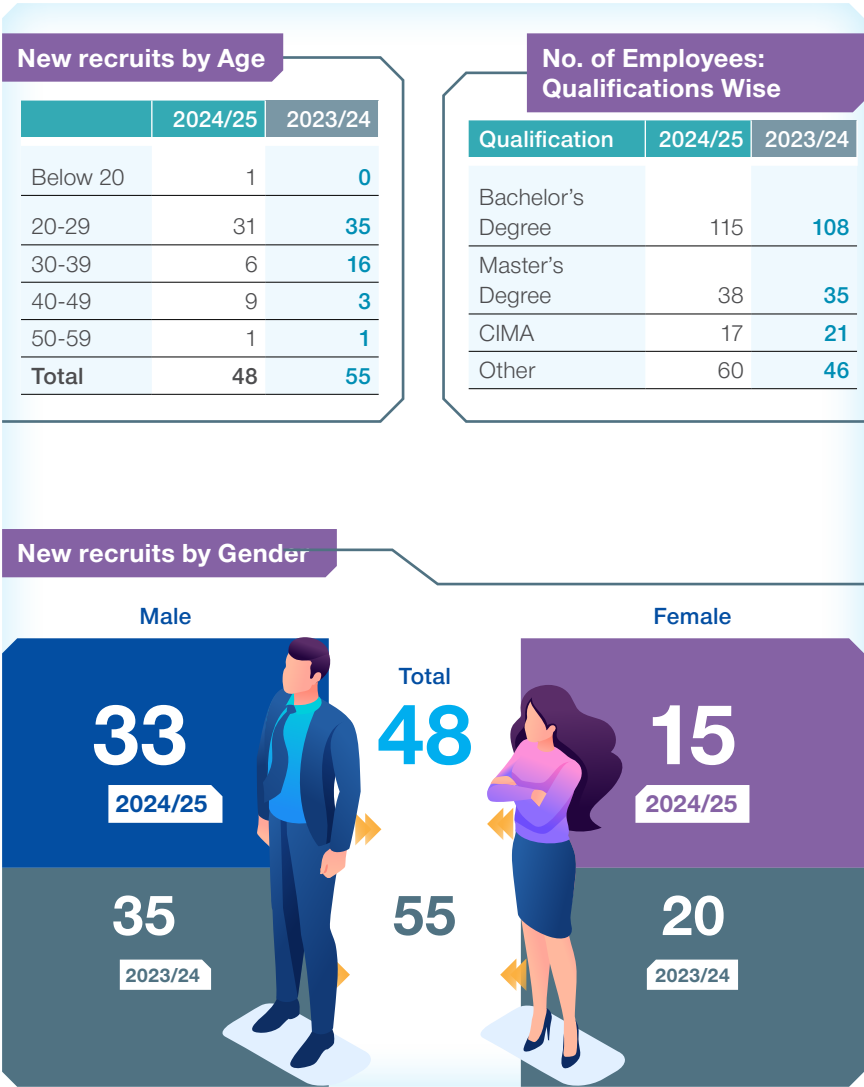
TALENT MANAGEMENT

Recruitment Process

CAL Group's commitment to transparent and merit-based recruitment ensures a strong alignment between candidate competencies and the organisation's cultural values. The digitization of the recruitment process through the implementation of the Manatal recruitment platform has significantly streamlined the process, enhancing both efficiency and consistency across all hiring activities.

This strategic adoption has enabled improved tracking, reduced time-to-hire, and facilitated data-driven decision-making, thereby reinforcing our objective of attracting and retaining top talent.

Human Capital



EMPLOYEE WELLBEING

Work-Life Balance and Benefits

At CAL Group, employee wellness is a strategic priority embedded within our organisational culture. We actively promote work-life balance through a range of supportive initiatives, including:

- ➔ Annual Holiday Leave to encourage rest and rejuvenation
- ➔ Sabbatical Options for long-term personal or professional development
- ➔ Paternity leave to support family bonding and caregiving responsibilities
- ➔ Post-Maternity Flexibility for mothers of newborns during the first year following maternity leave

These measures reflect our commitment to fostering a compassionate and inclusive workplace that supports the diverse needs of our employees throughout various life stages.

Key Metrics	2025	2023/24
Staff Covered by Health Plans (%)	100%	100%

REMUNERATION AND BENEFITS

Our compensation structures are in accordance with the labor laws that are relevant to our business and are also in line with the current standards set by the sector. Beyond this, CAL Group's commitment to equity is reflected in our compensation and benefit structures. As a result, there are no structural pay gaps between the genders where men and women in comparable roles within CAL Group are paid equally.

According to the framework now in existence, all employees are eligible to receive incentives depending on their performance in addition to their base wage.

Employees are eligible for the following benefits as well:

- ➔ Medical Insurance Scheme, which includes Personal Accident Coverage, Surgical and Hospitalization Coverage, and Life Insurance.
- ➔ In-house OPD Claim.
- ➔ Mobile phone, Mobile SIM connection with an included Mobile Data Allowance.
- ➔ Paternity Leave - Where male workers are entitled to up to 6 days of paid leave after the birth of his child.
- ➔ Additional applicable leave days - Holiday Leave and Sabbatical Leave.
- ➔ Professional Membership Subscription re-imbursement
- ➔ Assistance for differently abled children of employees through the Special Needs Programme under the CAL Foundation.

Employee Benefits Composition

	LKR
Total Value of Employee Benefits	2,015,687,686
Salaries & Other benefits	1,895,011,574
EPF	69,493,307
ETF	17,345,482
Gratuity Payments	6,600,625
Value Per Employee	11,651,374

Women Returning to work after Maternity Leave

2025	2024
3	6

Human Capital

HR POLICY FRAMEWORK

A thorough structure of HR Policies and procedures has been built to safeguard the interests of employees in every way, and it is underpinned by the HR philosophy of the CAL Group.

Performance Management

CAL Group's performance management process is designed to ensure strategic alignment and accountability across all levels of the organisation. At the beginning of each fiscal year, performance targets and key initiatives are established for the Group as a whole, as well as for each individual business unit and supporting function. These objectives are then systematically cascaded to departmental teams and further translated into individual goal sheets, ensuring clarity of expectations and contribution. All individual goals are tracked and maintained within the Company's Human Resource Information System (HRIS), enabling real-time visibility, performance monitoring, and data-driven decision-making throughout the year.

Total No. of New Promotions

33

Learning and Development

We are dedicated to making sure that every one of our employees has access to learning and development opportunities that will enable them to build their skills in ways that align with the Group's growth trajectory and to be appropriately knowledgeable and skilled to perform their designated tasks. Due to the nature of our Company, most of

our workers' training comes from actual work experience.

At CAL Group, business leaders are entrusted with the responsibility of ensuring that their teams receive targeted, need-based training aligned with both functional requirements and strategic objectives. These training initiatives are planned and executed within the parameters of each business unit's allocated training budget, promoting both accountability and resource optimization. In addition to structured training programmes, the Group actively supports employees' commitment to continuous professional development by reimbursing membership subscription fees to recognised professional institutions. This reflects our ongoing investment in building a knowledgeable, future-ready workforce.

Value of Membership Subscriptions of professional institutions: (LKR)	
2023/24	6,516,022
2024/25	2,125,755

No. of Membership Subscriptions of professional institutions:	
2023/24	17
2024/25	23

EMPLOYEE WELLBEING

Employee Relations

The CAL Group is committed to fostering a workplace culture grounded in mutual trust, dignity, and respect. Our employee relations approach is guided by an open-door policy, encouraging staff to raise concerns directly with their immediate supervisors or senior management regarding any aspect of their employment.

We facilitate regular communication through biannual town hall meetings and weekly departmental discussions, ensuring transparency and keeping employees informed of operational developments.

Our grievance handling policy reflects CAL's dedication to maintaining an inclusive, equitable, and productive work environment. It provides a structured, non-retaliatory process for employees to formally address work-related issues.

Employee Engagement

We are aware that employees who are completely engaged are more creative, innovative, and satisfied with their work and job roles. We have implemented a number of initiatives to encourage more employee engagement. These endorsements, which are posted with their permission to our corporate website and social media platforms, help us build our brand and draw in new employees.

Other notable engagement initiatives include New Year Activities, Christmas Activities, Religious Celebrations, Kids Playdate (Engagement activity for children of the employees) and engagement activities named "CAL Fun Fridays".

Key Metrics	2024/25	2023/24
Staff covered by the health plan (%)	100%	100%
Value of Contributions to Health Plans (LKR)	6,075,350	7,320,968
Medical/ Insurance Claims (No.)	51	155
Occupational injuries	NIL	NIL
Number of occupational diseases	NIL	NIL



Human Capital

WORK-LIFE BALANCE

We recognise that work commitments can have an adverse effect on our employees given the dynamic nature of our Company. We have given the benefit of a paid “holiday leave” up to a maximum of 10 working days per year in an effort to reduce workplace stress and improve work-life balance for our employees. Employees also have the option of taking a three-month sabbatical leave to pursue their personal goals.

We recognise that work commitments can have an adverse effect on our employees given the dynamic nature of our company. We have given the benefit of a paid “holiday leave” up to a maximum of 10 working days per year in an effort to reduce workplace stress and improve work-life balance for our employees. Employees also have the option of taking a three-month sabbatical leave to pursue their personal goals.

Long Term



- ➔ Focus on developing a strong talent pipeline through efficient succession planning in order to support CAL over the ensuing five to ten years.
- ➔ Position CAL as a top employer in the South Asian region to draw in international talent.

Medium Term



- ➔ Increasing the use of digital technology throughout the entire employment lifecycle to improve the employee experience.
- ➔ Enhance the performance culture by fostering greater employee involvement and teamwork among employees.
- ➔ Improve overall employee well-being, work-life balance programmes that are more resilient to reflect the new normal, and employee motivation and job satisfaction.

Contribution to Sustainable Development Goals



Social and Relationship Capital

GRI - 2-28, 205-3, 206-1, 416-1, 416-2, 418-1

PHILOSOPHY

Establish and cultivate enduring relationships of trust with clients, alongside more impactful engagement to contribute to the broader community.

CAL - Social & Relationship Value Creation Model

Client Centricity (CC), Social Sustainability (SS)

Strategic priorities

Managing Client
Expectations and
Overall Experience

Community Investment

Key Drivers

- Client Relationships
- Transparency of information
- Customer Privacy
- Value Added Services
- CAL Foundation
- Corporate Social Responsibility
- Activities Internship Programme

Value Created to

Client, Society and Environment



Sustainable Development

CUSTOMER PRIVACY

At the CAL Group, safeguarding the confidentiality and privacy of our clients' information is a core commitment that underpins every aspect of our operations. We recognise that in the financial services industry—where trust is paramount—our clients rely on us to manage not only their financial assets but also their sensitive personal and transactional data with the utmost care and integrity. Protecting this information is therefore not just a regulatory obligation, but a strategic imperative that supports long-term relationships and brand reputation.

As we continue to expand our digital footprint through online platforms, mobile applications, and digital service delivery channels, our approach to data protection has evolved to match the growing complexity of cyber risks. We have invested in robust, enterprise-grade data security frameworks that incorporate the latest advancements in cybersecurity technology. These systems are designed to monitor, detect, and prevent unauthorized access, data breaches, and information misuse in real time, ensuring that our customers' financial and personal data remain secure at every point of interaction.

We make an unequivocal commitment to our clients: any personal data shared with us during the course of our engagement, or obtained in compliance with legal and regulatory requirements, will be treated with the highest level of confidentiality. This information is never disclosed to third parties unless required by law or with the express consent of the client. All client data is securely stored on our servers, managed under a comprehensive IT User Policy approved by the Board of Directors. This policy enforces strict protocols on data access, usage, sharing, and storage, with multiple levels of authentication and monitoring mechanisms to prevent unauthorized handling of information.

Social and Relationship Capital



Furthermore, our IT User Policy extends to cover all aspects of online privacy. It includes detailed guidelines for the collection, processing, and protection of client information gathered through our digital interfaces, including the CAL corporate website, the CAL Mobile App, and official social media platforms. Measures such as encryption, Secure Socket Layers (SSL), and firewall protections are actively maintained to ensure that digital interactions remain private and secure.

As part of our ongoing commitment to privacy and cybersecurity, the CAL Group also regularly conducts internal audits, vulnerability assessments, and employee awareness programmes to ensure that data protection remains embedded within our culture. We continuously update our privacy practices to align with evolving data protection laws, including local regulatory requirements and international standards such as the General Data Protection Regulation (GDPR), where applicable.

In essence, customer privacy is not simply a compliance requirement at CAL—it is a foundational element of how we do business. Through a combination of advanced technologies, strict internal controls, and a culture of accountability, we strive to uphold the trust that our clients place in us each day.

VALUE ADDED SERVICES

The CAL continues to distinguish itself in the financial services industry by delivering a comprehensive range of value-added services tailored to meet the evolving needs of our clients. Our strong emphasis on leveraging cutting-edge technology and innovation enables us to consistently enhance our service offerings, reinforcing our commitment to client-centricity, accessibility, and convenience.



A key highlight in FY 2024/25 was the enhancement of our treasury investment services, aimed at making investment opportunities more inclusive and accessible. Through the strategic integration with the JustPay platform, we introduced the capability for clients to invest in treasury instruments starting from as low as LKR 40,000. This initiative has empowered a broader segment of our customer base to engage in secure, real-time transactions directly via their mobile banking applications. By removing traditional entry barriers and enabling seamless digital transactions, this advancement has significantly expanded participation in the fixed income market, allowing more individuals to benefit from treasury investments.

In parallel, we launched the instant redemption feature for our CAL Unit Trust clients—another milestone that has been widely appreciated by our investors. This feature offers clients the ability to redeem their investments instantly, enhancing liquidity and financial flexibility. The convenience and speed of redemption have received positive feedback, with clients particularly valuing the hassle-free experience and prompt access to their funds—attributes that are especially important in today's fast-paced environment.



To further enhance client self-service capabilities, we introduced a new digital feature on CAL Online that allows customers to request balance confirmations electronically. This streamlined solution eliminates the delays and inefficiencies of manual processing, giving clients quicker access to official confirmations and improving their overall digital experience. It also reflects our ongoing effort to simplify administrative procedures and reduce operational friction through digital transformation.

Collectively, these innovations underscore the CAL's unwavering focus on enhancing service delivery, democratizing investment opportunities, and empowering clients with the tools they need to manage their finances more efficiently. By continuously integrating customer feedback, emerging technologies, and best practices, we remain at the forefront of delivering forward-thinking financial solutions that cater to the modern investor.

PARTNERSHIPS WITH ASSOCIATIONS AND PROFESSIONAL INSTITUTIONS

Category	Trade or Industry Association/ Professional Institution
Professional Bodies	➔ The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) ➔ CFA Institute ➔ Chartered Institute of Management Accountants (CIMA - UK) ➔ Association of Chartered Certified Accountants (ACCA) ➔ Chartered Institute of Marketing (CIM) ➔ S and P Global Market Intelligence LLC ➔ Lanka Rating Agency Limited
Regulators	➔ Central Bank of Sri Lanka (CBSL) ➔ Securities and Exchange Commission of Sri Lanka (SEC) ➔ Colombo Stock Exchange (CSE) ➔ Inland Revenue Department - Sri Lanka ➔ Employees' Trust Fund Board Sri Lanka ➔ Department of Labour ➔ EPF Department, Central Bank of Sri Lanka ➔ Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB)
Investments Banking and Financial Industry Associations	➔ Financial Ombudsman Sri Lanka (Guarantee) Limited ➔ The Credit Information Bureau of Sri Lanka (CRIB) ➔ Sri Lanka Association for Software Services Companies (SLASSCOM) ➔ Lanka Clear Pvt Ltd ➔ SWIFT SC
Business Collaborations	➔ Auerbach Grayson USA ➔ Stone X UK ➔ Financial Brokerage Group

CAL FOUNDATION

Founded in 2020 to mark CAL Group's 24th anniversary, the CAL Foundation reflects the Group's dedication to community engagement. The foundation focuses on supporting differently-abled children in Sri Lanka, striving to help them reach their full potential.

The foundation is governed by a trust deed and managed by a three-member working committee appointed by the Group Board. This committee includes the Vice President - HR, Chief Information Officer, and Chief Risk & Compliance Officer. Their duties involve identifying projects, performing due diligence, recommending projects to the Board for approval and funding, and overseeing the execution of these projects.

CORPORATE SOCIAL RESPONSIBILITY SERVICES

As a responsible corporate, CAL is committed to delivering long-term value not only to our clients and investors but also to the communities in which we operate. Our Corporate Social Responsibility (CSR) services are an integral part of our social and relationship capital and reflect our commitment to the Social and Governance (S&G) dimensions of ESG.

Guided by our core values and aligned with the United Nations Sustainable Development Goals (SDGs), our CSR framework focuses on initiatives that promote financial inclusion, education, community resilience, and equitable access to opportunity. We recognise that meaningful stakeholder engagement is key to building lasting trust and social impact.

➔ Empowering Communities through Financial Literacy

As an investment banker, we take pride in our role as a facilitator of financial empowerment. During the year, we conducted a series of financial literacy programmes, both in-person and digitally, targeting students, young professionals, and underserved segments. These initiatives were designed to demystify government securities and personal finance, thereby promoting responsible investing, savings culture, and economic inclusion.

By improving financial literacy, we support SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth), while contributing to a more informed and resilient society.

Social and Relationship Capital

Focus on the Future

Long Term

Develop a three-year plan for making a positive social influence and supporting children with disabilities in reaching their full potential, focusing primarily on results-driven initiatives.

Medium Term

Implement a well-organized programme for employee volunteering aimed at fostering employee engagement in community projects undertaken by the Company.

Contribution to Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

17 PARTNERSHIPS FOR THE GOALS

Natural Capital

GRI - 302-1, 302-4

Environmental Philosophy

At the heart of our commitment to natural capital lies a robust environmental philosophy. This philosophy guides our actions and decisions, ensuring that we align our business practices with the principles of sustainability and environmental stewardship. Understanding and respecting the interconnection of natural systems is fundamental to our approach, as we recognise that a healthy environment is essential for long-term economic stability and prosperity.

PRINCIPLES OF OUR ENVIRONMENTAL PHILOSOPHY

→ Sustainability:

We are dedicated to promoting sustainable practices that meet the needs of the present without compromising the ability of future generations to meet their own needs. This involves careful management of resources, reducing waste, and minimizing our ecological footprint.

→ Stewardship:

We embrace our role as stewards of the environment, actively working to preserve and enhance natural capital. This involves not only minimizing negative impacts but also investing in projects and initiatives that restore and protect ecosystems.

→ Interconnection:

We recognise that natural systems are complex and interconnected. Our environmental philosophy takes a holistic approach, considering the broader implications of our actions on ecosystems, biodiversity, and the climate.

→ Innovation:

We are committed to innovation in environmental practices, continually seeking new ways to reduce our environmental impact and improve sustainability. This includes adopting cutting-edge technologies, supporting research, and fostering a culture of continuous improvement.

→ Collaboration:

We believe in the power of collaboration to achieve our environmental goals. This means working with stakeholders, including governments, non-profits, and communities, to develop and implement effective environmental strategies.

CAL Group - Natural Capital Value Creation Model

Social Sustainability (SS)

Strategic Priority

Conserving Natural Resources

Key Drivers

- Regulatory Frameworks and Policies
- Corporate Responsibility and Sustainability Goals
- Technological Innovation
- Stakeholder Engagement and Collaboration
- Consumer Awareness and Demand

Value Created to

Investors, Employees, Clients & Society



Sustainable Development

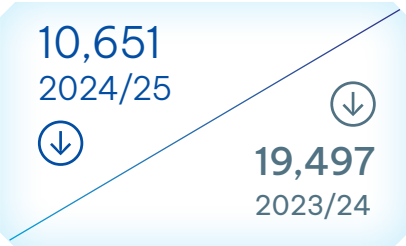
Natural Capital

PAPER USAGE

One of the CAL's key sustainability objectives is to reduce paper waste by streamlining traditionally paper-dependent and manual processes. This initiative is a core component of our broader commitment to environmental responsibility and is aligned with our long-term **Technology Roadmap**. The roadmap outlines two strategic pillars: (1) digitizing front-end interfaces across all areas of the Group's operations, and (2) automating back-end functions to enhance operational efficiency and reduce reliance on physical documentation.

By embedding automation and digitization across all sectors, the CAL Group has significantly optimized workflows, enhanced data accuracy, and improved processing speed. As a result, we have successfully reduced the paper consumption up to **10,651** in FY 2024/25, demonstrating tangible progress in minimizing our environmental footprint.

Although the Group's core operations do not inherently generate substantial environmental harm, we recognise our responsibility to operate in a manner that is conscious of our social and environmental impacts. We therefore remain committed to proactively identifying areas for improvement and implementing measures that support sustainable practices. These include reducing resource consumption, embracing green technologies, and promoting a culture of environmental awareness throughout the organisation. Our approach reflects the CAL Group's ongoing efforts to act as a responsible corporate citizen and contribute meaningfully to a more sustainable future.



ELECTRICITY USAGE

Electricity consumption represents a vital aspect of the CAL's use of natural capital, serving as both a measure of operational efficiency and a contributor to our overall environmental footprint. As part of our broader sustainability agenda, we are committed to actively monitoring and managing our energy usage. This involves analyzing consumption patterns, identifying the sources of electricity, and continuously seeking opportunities to enhance energy efficiency across all our facilities.

In the financial year 2024/25, the Group's total electricity consumption amounted to **900.3 GJ**, reflecting a **7%** increase compared to the previous year. This rise in consumption is primarily attributed to the expansion of our operational footprint, particularly the opening of our new office at Jetwing House. The additional energy requirements associated with establishing and operating this facility contributed significantly to the overall increase.

Despite the higher consumption, we remain focused on minimizing our environmental impact by promoting energy-efficient practices within our workspaces. These include the use of energy-saving lighting and equipment, optimizing air conditioning systems, and raising awareness among employees on responsible energy use. Looking ahead, we aim to invest in sustainable energy solutions, including renewable energy sources, as part of our ongoing commitment to reduce our carbon footprint and support long-term environmental sustainability.

MANAGING WASTE DISPOSAL

The Company prioritizes environmentally friendly waste disposal methods, ensuring compliance with central environmental authority regulations.

Adhering to this environmental philosophy allows us to contribute meaningfully to the preservation of natural capital, ensuring that we support a sustainable future for generations to come. Through continued dedication to these principles, we aim to foster a resilient and thriving environment that underpins our long-term success.

Contribution to Sustainable Development Goals

7

AFFORDABLE AND CLEAN ENERGY



12

RESPONSIBLE CONSUMPTION AND PRODUCTION



15

LIFE ON LAND



PERFORMANCE DRIVEN CULTURE



Corporate Governance

GRI - 2-9, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20

STATEMENT BY THE CHAIRMAN

At CAL Group, we place the highest priority on our unwavering commitment to compliance, ensuring that our governance processes are designed to uphold this principle. Under the leadership of our Chief Risk and Compliance Officer (CRCO), our Compliance team diligently ensures that our operations adhere to all relevant laws while aligning with the values and ethical standards set by the Board.

The CRCO, who reports directly to the Board, exercises the necessary control to ensure compliance across the Company. In close collaboration with the CRCO, our risk team monitors business activities and decisions, ensuring they conform to the policies approved by the Board. Our strong compliance culture is instrumental in supporting these efforts. To emphasize our zero-tolerance policy for non-compliance, the Board sets a strong example from the top, with Directors demonstrating high standards of behavior throughout the Company. At an operational level, our risk team conducts a risk based assessment programme, further reinforcing the compliance culture. Additionally, our Audit Committee oversees the implementation of an Internal Audit Framework, providing independent assurance on our compliance status, internal systems, and ethics programmes, ensuring they meet the required standards.

On behalf of the Board of Directors of Capital Alliance Holdings Limited, I affirm the strength of our Governance Framework in ensuring full compliance with the laws, rules, and regulations set forth by our respective regulators, including the Central Bank of Sri Lanka (CBSL), Securities and Exchange Commission of Sri Lanka (SEC), and Colombo Stock Exchange (CSE). We have also diligently adhered to all other applicable laws and regulations governing our daily operations.

Moreover, I proudly state that all members of the CAL Board and our employees have fulfilled their duties in accordance with the policies, procedures, and standards outlined in our Internal Code of Ethics and Conduct.

We remain unwavering in our commitment to maintaining the highest standards of governance and compliance as we continue to drive CAL Group's success and build trust with our stakeholders.



Mr. D. A. De Zoysa

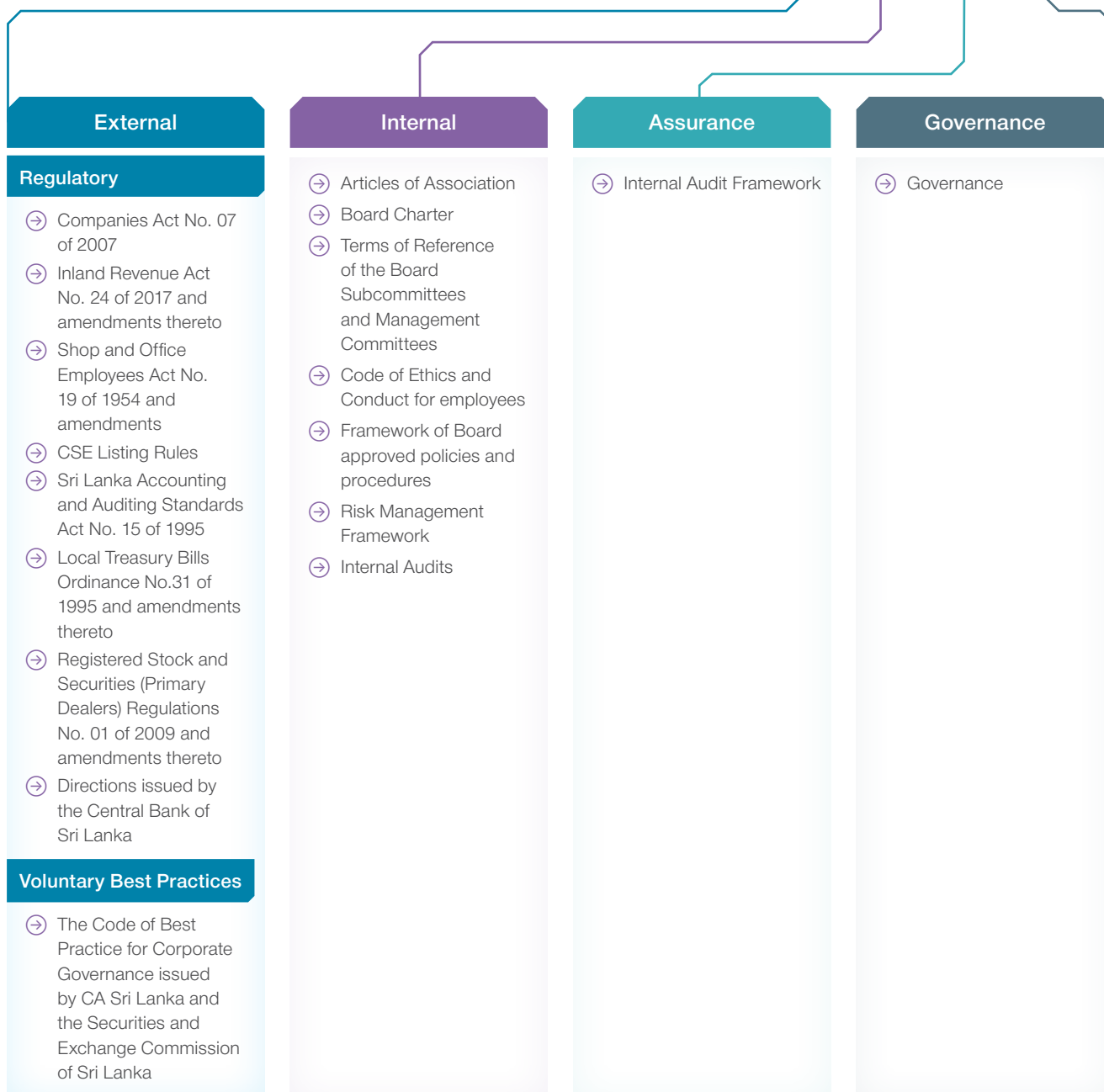
Chairman

27th August 2025

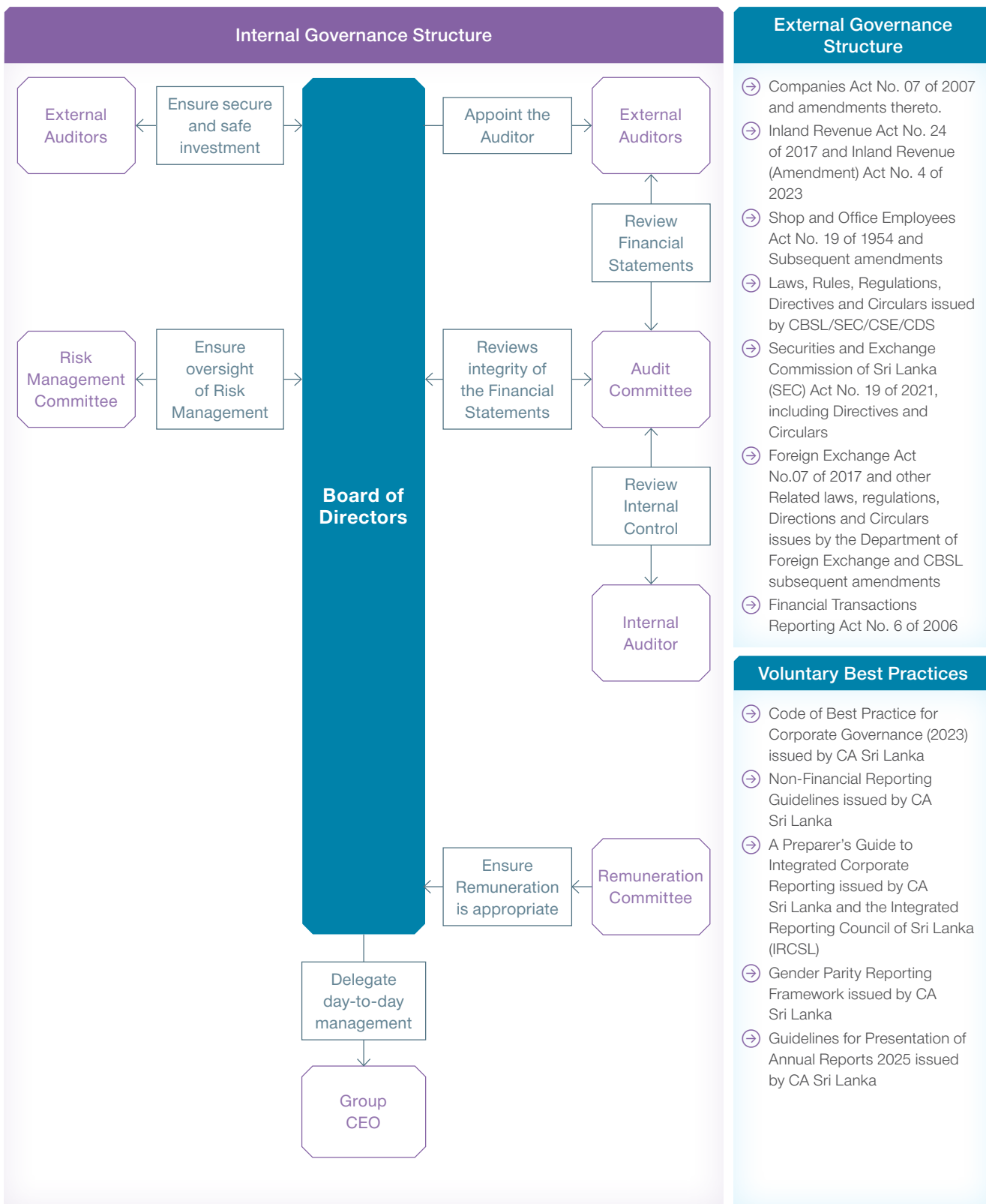
THE CAL GROUP'S APPROACH TO CORPORATE GOVERNANCE

The Board of Directors of CAL Group is dedicated to maintaining a high standard of governance, understanding that strong corporate governance is essential for long-term business success. The CAL Group's Board consistently leads in advocating effective corporate governance, recognizing it as crucial for sustained achievement.

The Group's approach to governance is rooted in strict compliance with all relevant regulatory frameworks governing its diverse operations. Moreover, the Group strives to emulate the governance standards set by listed companies in Sri Lanka. This dedication has resulted in the voluntary adoption of the Code of Best Practice for Corporate Governance issued by CA Sri Lanka and the Securities and The Exchange Commission of Sri Lanka (SEC). In addition to adhering to external standards, CAL has established internal frameworks to ensure sound governance practices across all its business sectors. This commitment strengthens the Group's leadership in compliance and governance excellence.



Corporate Governance



THE BOARD

The Board Composition and Independence

To prevent any individual Director or a limited subset of Directors from exerting undue influence over the Board's discussion and decision making, the CAL Group maintains a harmoniously structured Board. This composition includes Four Independent Non-Executive Directors and Five Non-Executive Non-Independent Directors, actively participating on the Board as at 31st March 2025.

The independence of the Directors is evaluated in line with the Corporate Governance best practices, and the Independent Non-Executive Directors have formally affirmed their independence in written declarations. This approach ensures a balanced and transparent composition within the Board.



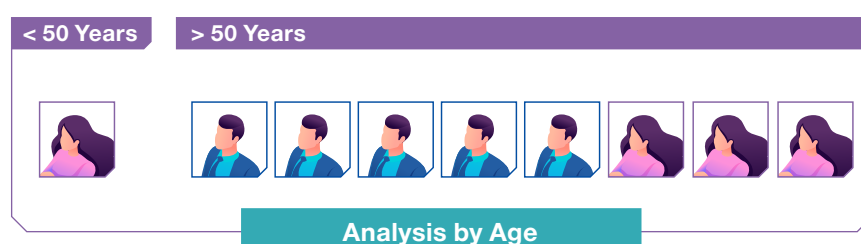
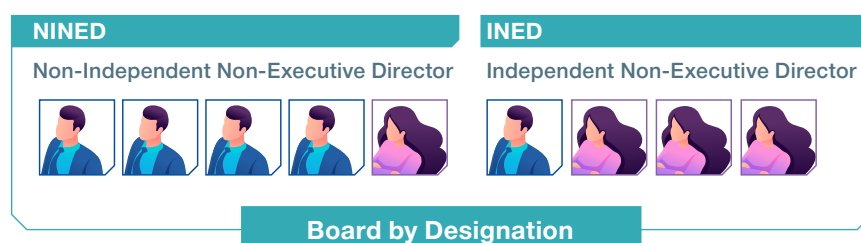
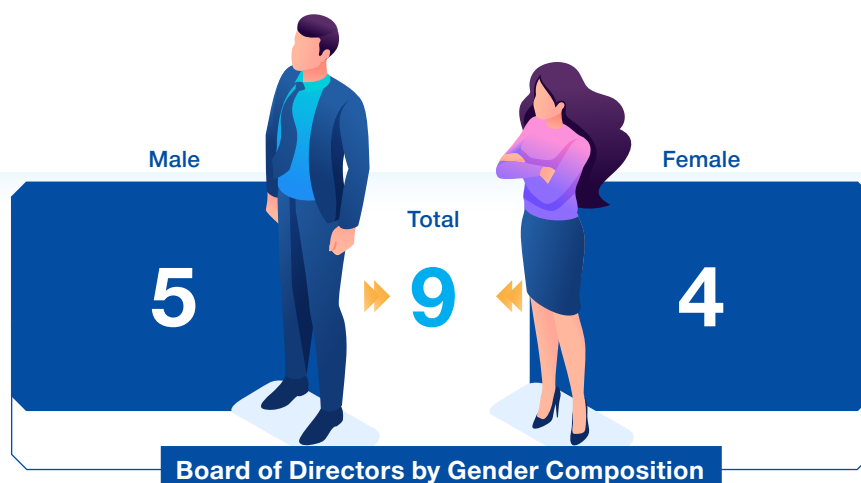
A well-defined separation of roles between the Chairman and the Group CEO ensures a balance of power and authority. The Chairman oversees Board efficacy and conduct, while the Group CEO is responsible for the operating divisions, organisational efficiency, and the implementation of Board policies and resolutions.

The Board consists of Directors who are experts, academics, or leaders in their respective fields, holding prominent positions. Their extensive experience spans various industries and functional areas. Additionally, the Company is committed to maintaining strong gender parity at the Board level, with 44.4% of the current Board comprising female Directors as at 31st March 2025.

Comprehensive profiles of each member of the Board are provided in a separate section of this Annual Report. (Pages 19-22).

Name	Date of Appointment	No. of Years	Designation
Mr. D A De Zoysa	20.03.2003	22 Years	Non-Executive Non-Independent Director
Mr. W A T Fernando	20.03.2003	22 Years	Non-Executive Non-Independent Director
Ms. N T M S Cooray	20.03.2003	22 Years	Non-Executive Non-Independent Director
Mr. R J Arasaratnam	20.03.2003	22 Years	Non-Executive Non-Independent Director
Mr. T J William	08.08.2016	9 Years	Non-Executive Independent Director
Mr. C S R S Anthony	01.03.2019	6 Years	Non-Executive Non-Independent Director
Ms. R S Jayasuriya	08.08.2019	6 Years	Non-Executive Independent Director
Ms. K A Chellaraja	18.07.2024	1 Year	Non-Executive Independent Director
Ms. W T V Perera	18.07.2024	1 Year	Non-Executive Independent Director

Corporate Governance



BOARD OF DIRECTORS BY AGE CATEGORY

Name	Male	Female	Total
Under 30 years	0	0	0
30 – 50 years	0	1	1
Over 50 years	5	3	8
Total	5	4	9

BOARD RESPONSIBILITIES

The CAL Group Board operates in alignment with the directives and responsibilities outlined in the Board Charter. As the apex governing body within the organisation, the Board plays a crucial role in defining the Group's purpose and core values. It is responsible for developing a strategy that aligns with the Group's broader strategic direction. Additionally, the Board evaluates strategic and operational matters, approves annual financial statements and budgets, and assesses the performance of both subsidiaries and the entire Group. The Board also ensures that the senior management team possesses the necessary skills and expertise to effectively manage the Group's companies. The Board

is not responsible for creating and implementing succession planning strategy. It is responsible for approving the succession planning strategy.

The Directors are committed to compliance with the laws and regulations governing the organisation's operations. The Board is supported by the Chief Risk Officer (CRO), who also serves as the Compliance Officer. This dual role ensures adherence to all regulatory and statutory obligations and comprehensive reporting of compliance-related matters to the Board.

The Board meets at least once every quarter to fulfill its responsibilities. Directors are required to attend all

scheduled Board meetings. The Board Chair is responsible for setting the agenda for each meeting. Directors receive relevant documentation well in advance to allow ample time for review and familiarization, facilitating informed decision-making during the sessions. In FY 2024/25, six formal Board meetings were held.

Additionally, regular performance review meetings took place throughout FY 2024/25, with the participation of various Board Directors. These monthly reviews provide opportunities for Directors to assess progress, ensure accountability within the senior management team, and offer guidance and advice as needed.

BOARD COMPOSITION

Board Member		The Board	Audit Committee	Risk Committee	Remuneration Committee	Related Party Transactions Review Committee
Mr. D A De Zoysa	Non-Executive Non-Independent Director	6/6	4/4	5/5	3/3	-
Mr. W A T Fernando	Non-Executive Non-Independent Director	6/6	-	-	-	-
Ms. N T M S Cooray	Non-Executive Non-Independent Director	6/6	-	-	3/3	-
Mr. R J Arasaratnam	Non-Executive Non-Independent Director	5/6	-	-	-	-
Mr. T J William	Non-Executive Independent Director	6/6	-	1/1	-	-
Mr. C S R S Anthony	Non-Executive Non-Independent Director	6/6	5/5	5/5	-	1/1
Ms. R S Jayasuriya	Non-Executive Independent Director	4/6	-	-	3/3	-
Ms. K A Chellaraja	Non-Executive Independent Director	5/5	1/1	-	1/1	1/1
Ms. W T V Perera	Non-Executive Independent Director	5/5	1/1	-	-	1/1

Corporate Governance

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance																														
A. Directors	The company should be headed by an effective Board, which should direct, lead and control the Company.																																
A.1 The Board	The Board is composed of Four Independent Non-Executive Directors, Five Non-Executive Non-Independent Directors (including the Chairman), all of whom are professionals in finance, investment banking, and management.																																
Frequency of Board Meetings	A 1.1	Complied	The Board meets at least once every quarter, with additional meetings scheduled as needed. These quarterly meetings are designed to set the Company’s strategic direction, review operational and financial performance, and provide oversight. The following table shows the attendance of Directors at Board meetings throughout the year. <table><tr><th>Name of the Director</th><th>Attendance</th><th>Eligibility</th></tr><tr><td>Mr. W. A. T. Fernando</td><td>6</td><td>6</td></tr><tr><td>Mr. C. S. R. S. Anthony</td><td>6</td><td>6</td></tr><tr><td>Mr. R. J. Arasaratnam</td><td>5</td><td>6</td></tr><tr><td>Ms. N. T. M. S. Cooray</td><td>6</td><td>6</td></tr><tr><td>Mr. D. A. De Zoysa</td><td>6</td><td>6</td></tr><tr><td>Mr. T. J. William</td><td>6</td><td>6</td></tr><tr><td>Ms. R. S. Jayasuriya</td><td>4</td><td>6</td></tr><tr><td>Ms. K. A. Chellaraja</td><td>5</td><td>5</td></tr><tr><td>Ms. W. T. V. Perera</td><td>5</td><td>5</td></tr></table> A Board pack containing all relevant information is submitted to the Board of Directors Financial and operational results on pre-agreed Key Performance Indicators ➞ Included in the Quarterly Board pack Financial performance compared to previous periods, budgets, and targets ➞ Included in the Quarterly Board pack Impact of risk factors on financial and operating results and actions to mitigate such risks ➞ Included in the Quarterly Board pack Forecast for the next period ➞ A Budget is set at the beginning of the year and a Rolling Forecast with scenario analysis has been provided on request. Compliance with laws and regulations and any non-compliances ➞ Included in the quarterly CRCO confirmation checklist	Name of the Director	Attendance	Eligibility	Mr. W. A. T. Fernando	6	6	Mr. C. S. R. S. Anthony	6	6	Mr. R. J. Arasaratnam	5	6	Ms. N. T. M. S. Cooray	6	6	Mr. D. A. De Zoysa	6	6	Mr. T. J. William	6	6	Ms. R. S. Jayasuriya	4	6	Ms. K. A. Chellaraja	5	5	Ms. W. T. V. Perera	5	5
Name of the Director	Attendance	Eligibility																															
Mr. W. A. T. Fernando	6	6																															
Mr. C. S. R. S. Anthony	6	6																															
Mr. R. J. Arasaratnam	5	6																															
Ms. N. T. M. S. Cooray	6	6																															
Mr. D. A. De Zoysa	6	6																															
Mr. T. J. William	6	6																															
Ms. R. S. Jayasuriya	4	6																															
Ms. K. A. Chellaraja	5	5																															
Ms. W. T. V. Perera	5	5																															

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Frequency of Board Meetings	A 1.1	Complied	Internal control breaches or frauds during the period and related actions taken → Independent Internal Audits are carried out periodically and exceptions are reported to the Board Financial and operational decisions taken by the CEO within his delegated authority → Discussed on ad-hoc basis and through the Board pack and Board Meetings Share trading of the Company and related party transactions by Key Management Personnel → The Company Secretary informs the Board of any related party shares transactions performed by the Directors.
Responsibilities of the Board	A.1.2	Complied	The Board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board adopted the following responsibilities, Ensuring the formulation and implementation of a sound business strategy → The Board offers stewardship, vision, and strategic direction to the Company while fostering a culture of responsibility and accountability throughout the organisation. The strategy formulation adopts a stakeholder-centric approach. During Board meetings, the business, marketing, financial, and other strategies are reviewed and their implementation is assessed. Appointing the chair and the Senior Independent Director, if relevant. → N/A, since the Chairman and the CEO of the Company are not the same person. Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience, and knowledge to implement the strategy → The Directors come from diverse backgrounds and bring a wide range of experience and competencies, enabling them to effectively discharge the Board's responsibilities → The Board ensures that the Chairman, Group CEO, and the Management team possess the skills to implement the overall strategy. → A brief resume of each Director including skills and experience is available in the "Board of Directors" on pages 19-22 of the Annual Report. Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy → Succession planning is given recognition through meetings of the Board where succession is discussed along with significant new hires

Corporate Governance

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Responsibilities of the Board	A.1.2	Complied	Approving budgets and major capital expenditure → The budget for the year was approved at the beginning of the financial year → Capital expenditure is included in the budget. Further, the Board reviews all the significant capital expenditure made annually. Determining the matters expressly reserved to the Board and those delegated to the management including limits of authority and financial delegation → The Board determines on the matters expressly reserved to the Board such as formulating the strategy, significant transactions and deciding on the risk appetite of the Company. Ensuring effective systems to secure the integrity of information, internal controls, business continuity and risk management → The Board identifies significant risks on an ongoing basis and ensures the implementation of appropriate procedures to evaluate and manage the identified risks through internal and external audits and the Risk and Audit Committees. Ensuring compliance with laws, regulations, and ethical standards → The Board ensures compliance with the laws, regulations, and standards on each area of business operations. The Internal Auditors and the CRCO monitor and report to the Audit Committee on their findings. Ensuring all stakeholder interests are considered in corporate decisions → The Board considers all stakeholders when making corporate decisions Recognising sustainable business development in Corporate Strategy, decisions and activities and considering the need for adopting integrated reporting → The Board recognises the importance of including principles of sustainability in corporate strategy, decisions, and activities → The Company does adopt integrated and sustainability reporting. Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations → The Company keeps up-to-date with all current developments in relation to accounting standards and has reviewed the accounting policies regularly → The Independent Auditor's Report appears from pages 152 to 155 in the Annual Report and affirms that the Company's Financial Statements are in line with Sri Lanka Accounting Standards (SLFRSs & LKASs).

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Responsibilities of the Board	A.1.2	Complied	Establish a process of monitoring and evaluation of progress on strategy implementation budgets, plans and related risks → Each Board meeting, the progress of strategy implementation, achievement of budgets, plans and related risks is reviewed Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company → The Company provides its accounts quarterly and annually to the Board for their review Fulfilling such other Board as are vital, given the scale, nature and complexity of the business concerned → Throughout the year, the Board remained dedicated to fulfilling its obligations to all stakeholders, in accordance with the laws, regulations, and governance practices of the Company.
Compliance with Laws & independent Professional advice	A 1.3	Complied	The Board Directors, both individually and collectively, comply with the laws applicable to the business enterprise. In fulfilling their duties, the Directors seek independent professional advice from external parties when necessary.
Company Secretary	A 1.4	Complied	The Company Secretary provides the Board with support and advice on corporate governance matters, Board procedures, and applicable rules and regulations throughout the financial year. The Board members have unrestricted access to the advice and services of the Company Secretary. The decisions regarding appointment and removal of the Company Secretary are made by the Board.
Independent judgment	A 1.5	Complied	All the Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct.
Dedication of adequate time & effort by the Board	A 1.6	Complied	The members of the Board dedicated adequate time and effort to fulfil their duties & responsibilities as Directors of the Company and ensure that they are satisfactorily discharged. In addition to the Board meetings, Directors attended to Sub-Committee meetings and contributed to the decision making It should include the below as well: → Related Party Transactions Review Committee → Nominations and Governance Committee → Audit Committee → Remuneration Committee → Risk Committee
Calling for resolutions for the best interest to the Company	A 1.7	Complied	Any Director may call for a resolution to be presented to the Board where he feels it is in the interest of the Company. As per the Articles of Association, the resolutions can be passed with majority voting.

Corporate Governance

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Training for new and existing Directors	A 1.8	Complied	The Directors are encouraged to participate in continuous professional and self-development activities as necessary. The Board recognises the requirement for continuous training and development required to effectively perform their Duties as Directors. The Board regularly reviews the training and development needs of the Directors.
2. Chairman and Chief Executive Officer	There are two key tasks at the top of every public Company-conducting of the business of the Board and facilitating executive responsibility for the management of the Company's business. There should be a clear division of responsibilities at the Head of the Company, which will ensure a balance of power and authority, such that no individual has unfettered powers of decision.		
Separation of Posts of Chairman and Chief Executive Officer (CEO)	A 2.1	Complied	The roles of Chairman and Group CEO have been separated to maintain a balance of power and authority, ensuring that no single individual holds unrestricted decision-making power.
A.3 Chairman's Role	The Chairman is responsible for preserving order and facilitating the effective discharge of Board functions		
	A 3.1	Complied	The Chairman in running of the Board, facilitates the effective discharge of the Board proceedings and ensures: ➔ The effective participation of both Executive and Non-Executive Directors ➔ The Agenda for the Board meetings is developed in consultation with the Group CEO, Directors, CRCO, Vice President - Finance and the Company Secretary ➔ The effective contributions by all Directors at proceedings ➔ The views of Directors on issues under consideration are ascertained ➔ The Board exercises control on the affairs of the Company and its obligations to all the stakeholders ➔ The balance of power between Executive and Non-Executive is maintained.
A.4 Financial Acumen	The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.		
A.4 Financial Acumen	A. 4	Complied	The Board includes the Directors who possess the necessary knowledge and competence to offer the Board guidance on financial matters. A brief resume for each Director is on pages 19 to 22. In addition, the Audit Committee can discuss with the external and internal auditors on matters of finance.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
A.5 Board Balance	The Board should have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.		
Board Balance	A 5.1	Complied	The Board consists of Four Independent Non-Executive Directors and Five Non-Executive Non-Independent Directors (Including Chairman). The profiles of the Directors are given on pages 19 to 22 of this Annual Report.
Independent Directors	A 5.2	Complied	Four out of the Nine Non-Executive Directors are considered independent for the concluded financial year.
	A 5.3	Complied	The Board considers Non-Executive Directors independence on an annual basis. Each is independent from Management and free from any business or other relationship that could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
	A 5.4	Complied	The Independent Directors have submitted written declarations of their independence.
	A 5.5	Complied	The Board annually determines the independence of each Non-Executive Director based on the declarations submitted by them and by other information available to the Board.
	A 5.6	Complied	No Alternative Directors were appointed during the year under review.
	A 5.7/ 5.8	N/A	N/A
Meeting of Non-Executive Directors	A 5.9	N/A	The Chairman meets with the NEDs with the presence of the Executive Directors on a need basis. There were no formal specific meetings held with NEDs during the year.
Recording of concerns in Board minutes	A 5.10	Complied	All concerns raised by the Directors about the matters of the Company which cannot be unanimously resolved have been duly recorded in the Board minutes with sufficient detail.
A.6 Supply of Information	The Board should be provided with timely information in a form and quality appropriate to enable it to discharge its duties.		
The Management has the obligation to provide appropriate & timely information	A 6.1	Complied	The Board is provided with timely information in a form and of a quality appropriate to enable it to discharge its duties effectively. The Directors make further inquiries where necessary, should information provided by management not be sufficient.
	A 6.2	Complied	The Agenda for the Board meeting and related discussion papers are ordinarily circulated to the Directors seven (7) days in advance to facilitate the effective conduct of the meeting.

Corporate Governance

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
A.7 Appointments to The Board	A formal and transparent procedure should be followed for the appointment of new Directors to the Board		
Appointments to the Board	A 7.1	Complied	The Board has formally established a Nominations and Governance Committee to make recommendations on Board appointments. Accordingly, all future appointments to the Board will be made based on the recommendations of the Nominations and Governance Committee
	A 7.2	Complied	The Board annually assesses the Board composition to meet the regulatory and governance requirement.
Appointments to the Board	A 7.3	Complied	Upon the appointment of a new Director to the Board, the Company should forthwith disclose to the Shareholders, along with a brief resume of the Director which includes; ➡ The nature of his expertise in functional areas ➡ The other Directorships or memberships on board ➡ Whether the Director is considered an Independent Director Since this is the Company's first year as a listed entity, the relevant disclosures will be made in due course.
A.8 Re-election	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years		
Re-election	A 8.1	Complied	Re-appointment of the Non-Executive Directors has been done according to the provision of the Companies Act.
	A 8.2	Complied	All the Directors including the Chairman of the Board should be subject to election by Shareholders at the first opportunity after their appointment, and re-election thereafter at intervals of no more than 3 years.
Resignation	A 8.3	Complied	Written communications are provided to the Board by Directors, who resign prior to completion of their appointment term.
A.9 Appraisal of Board Performance	The Boards should periodically appraise their own performance to ensure that Board responsibilities are satisfactorily discharged.		
Need to have a formal and rigorous process for reviewing the performance of the Board and its Committees	A 9.1	Complied	Nomination and Governance Committee was formed on 01st January 2025
Need for the Board to appraise itself annually on its performance.	A 9.2	Complied	Formal process for reviewing the performance of the Board and its Committees annually.
Need for review the participation, contribution, and engagement of each Director at the time of re-election	A 9.3	Complied	Process is in place to review the participation, combination, and engagement of each Director of the time of re-election.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Need for the Board to state in the Annual Report how such performance evaluation is conducted	A 9.4	Complied	Formal review of the performance has been undertaken
A.10 Disclosure of information in respect of Directors	Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.		
Disclosure of information in respect of Directors	A 10.1	Complied	Name, qualifications, and brief profile ➔ Refer to pages 19 to 22. The nature of his/her expertise in relevant functional areas ➔ Refer to pages 19 to 22. Immediate family and/or material business relationships with other Directors of the Company ➔ The Directors have Immediate family and/or material business relationships with other Directors of the Company. ➔ Transactions with Immediate family and/or material business relationships with other Directors of the Company have been disclosed under Related Party Transactions. Whether Executive, Non-Executive and/or Independent Director ➔ Refer to pages 19 to 22. Names of listed companies in Sri Lanka in which the Director concerned serves as a Director. ➔ Refer to pages 19 to 22. Names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies ➔ Refer to pages 19 to 22. Number/percentage of Board meetings of the Company attended during the year ➔ Refer to pages 113 and 114 The total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an Executive or Non-Executive capacity ➔ Complied Names of Board Committees in which the Director serves as Chairman or a member; ➔ Refer to the "Committee Reports" on pages 143 to 148

Corporate Governance

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
A.11 Appraisal of the Chief Executive Officer	The Board of Directors should at least annually assess the performance of the Chief Executive Officer		
Target/Goals for the CEO	A 11.1	Complied	At the commencement of each financial year, the Board in consultation with the Chief Executive Officer sets financial and non-financial goals based on the short, medium, and long-term objectives of the Company.
Evaluation of the performance of the CEO	A 11.2	Complied	The performance of the Group CEO should be evaluated by the Board at the end of each financial year.
B. Directors' Remuneration			
B.1 Remuneration Procedure	The Company should have a formal and transparent procedure for developing policies on executive remuneration and determining the remuneration of individual Directors. No Director should be involved in deciding his/her own remuneration.		
Remuneration Committee	B 1.1	Complied	The Board has implemented a formal and transparent procedure for developing policies on remuneration by establishing a Remuneration Committee. Its purpose is to assist the Board of Directors in matters relating to compensation of the Company's Directors, Executive Officers and such other employees as determined by the Committee.
Composition	B 1.2	Complied	The Remuneration Committee consists of Five Non-Executive Directors. The Chairman of the Committee is a Non-Executive Independent Director. The following Directors served in the Remuneration Committee during the financial year under review. Ms. K. A. Chellaraja (Chairperson) (Non-Executive Independence Director) Ms. R.S. Jayasuriya (Non-Executive Independence Director) Mr. D. A. De Zoysa (Non-Executive Non-Independence Director) Ms. N. T. M. S. Cooray (Non-Executive Non-Independence Director) Mr. W. A. T. Fernando (Non-Executive Non-Independence Director)
	B 1.3	Complied	The members of the Committee are indicated in the page 146 in Annual Report.
Remuneration of Non-Executive Directors	B 1.4	Complied	In terms of the Articles of Association of the Company, the Directors determine the fees payable to the Non-Executive Directors.
Consultation of the Chairman and access to professional advice	B 1.5	Complied	The Remuneration Committee consults the Chairman about its proposal relating to the remuneration of other Executive Directors and has access to professional advice in discharging their responsibilities.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
B.2 Level and makeup of Remuneration	The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.		
Level and make up of remuneration	B 2.1	Complied	The Remuneration Committee ensures that the remuneration of executives at each level is competitive and is line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with market rates.
Design of remuneration for long term success	B 2.2	Complied	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company.
Design the remuneration of the Executive Directors to promote long term success of the Company	B 2.3	Complied	As mentioned in B.2.1, the remuneration of the Executive Directors is designed to attract and retain high calibre executives which leads to long term success of the Company and are benchmarked against industry remuneration.
Comparison of remuneration within the Group	B 2.4	Complied	When determining annual salary increments, the Remuneration Committee is sensitive to remuneration and employment conditions elsewhere in the Company.
Performance based Remuneration	B 2.5	Complied	The Remuneration Committee reviews the performance of the Executive Directors and senior management and the performance bonus is based upon the achievement of goals and targets by the individual.
Executive share options	B 2.6	Complied	No Executive share options offered under discounted prices.
Designing the remuneration	B 2.7	Complied	Performance-related remuneration is designed by the Remuneration Committee.
Early Termination of the Directors	B 2.8	Complied	No specific compensation scheme has been implemented
	B 2.9	Complied	If the situation arises, the Remuneration Committee will tailor their approach in the event of early termination to be relevant to the circumstances.
Remuneration for Non-Executive Directors	B 2.10	Complied	Remuneration of Non-Executive Directors reflects their time commitment and responsibilities of their role and market practices. It does not include share options.
B. 3 Disclosure of Remuneration	The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.		
Disclosure of Remuneration	B 3.1	Complied	The total remuneration paid to the Directors are disclosed in Note 146 to the financial statements.
C. Relations with Shareholders			
C.1 Constructive use of the Annual General Meeting and Conduct of General Meetings	The Board should use the Annual General Meeting to communicate with shareholders and encourage their active participation.		
Adequate Notice of the AGM	C 1.1	Complied	Notice of the Meeting is sent to shareholders 15 working days prior to the date of the AGM, as requested by statute and a copy of the Annual Report including Financial Statements and the Form of the Proxy are shared online on the CSE and Official Website of the Company in order to provide the opportunity to all the shareholders to attend the AGM.

Corporate Governance

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Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Separate resolution for all separate issues at the AGM	C 1.2	Complied	A separate resolution is proposed for each issue at the AGM. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.
Recording and counting proxy appointments	C 1.3	Complied	The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted. The Company Secretary administers the AGM.
Availability of Board sub-committee chairpersons	C 1.4	Complied	The chairpersons of the sub committees are present at the AGM to answer any questions raised by the shareholders if so, requested by the Chairman.
Procedure for voting	C.1.5	Complied	The procedure governing voting at the General Meeting is circulated with the Notice of Meeting.
C.2 Communication with shareholders	The Board should implement effective communication with shareholders		
Effective Communication with shareholders	C. 2.1	Complied	The Company encourages effective communication with the shareholders and addresses their and concerns of shareholders through the Company Secretaries and the corporate website.
	C. 2.2	Complied	The Company's policy pertaining to the communication with shareholders and shareholders involve the sharing of all financial and non-financial information as per the applicable statutory and regulatory requirements and best practices adopted by the Company. The methodology of communication with shareholders is multi-faceted to ensure the accuracy of information disseminated and the timeliness of dissemination.
	C. 2.3	Complied	The implementation of the policy and the methodology is done through the adoption of the above-mentioned channels of communication.
Contact person in relation to shareholder communications	C. 2.4	Complied	The contact person for shareholder communication is the Company Secretary and the designated person is appointed to answer queries from the shareholder relating to circulation of the Annual Report.
Process to make all Directors aware of major issues and Concerns of shareholders and responding to them	C.2.5	Complied	The Company Secretaries maintain a record of all correspondence received and will deliver such correspondence to the Board or individual Director as applicable. The Board or individual Director, as applicable, will respond appropriately to all validly received shareholder correspondence and will direct the Company Secretaries to send the response to the particular shareholder.
Person to contact in relation to shareholders' matters	C. 2.6	Complied	The Contact Person in relation to all matters pertaining to the Shareholders is the Company Secretary.
Responding to shareholder matters	C. 2.7	Complied	The Company Secretary is assigned to respond to shareholders by the Board and update the Board on such matters.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
C.3 Major and Material Transactions	The Directors should disclose to shareholders all proposed material transactions which would materially alter the net asset position of the Company, if entered into.		
Major transaction	C. 3.1	Complied	Before engaging in or committing to a major related party transaction involving a related party-such as the acquisition, sale, or disposition of assets exceeding one-third of the Company's value or that of a subsidiary materially impacting the Company and/or its consolidated net assets, or any transaction likely to incur obligations and liabilities exceeding one-third of the Company's assets, or transactions significantly altering the nature of the Company's business- the Directors will disclose the purpose and all material facts to shareholders. Additionally, they will seek shareholder approval by ordinary resolution at an Extraordinary General Meeting.
	C. 3.2	Complied	Major transactions where shareholder's approval is necessary will be approved through shareholder resolution.
D. Accountability and Audit			
D 1.1 Accountability and Audit	The Board should present a balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities, and prospects.		
Boards responsibility for statutory and regulatory reporting	D 1.1	Complied	The Board has presented the Annual Report which includes the Financial Statements of the Company that are true and fair, balanced, and understandable and prepared in accordance with LKASs and SLFRSs to regulators as well as presented interim and other public price sensitive information in a balanced and understandable way as required by statutory requirements.
Boards responsibility for statutory and regulatory reporting	D 1.2	Complied	The Board is aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the 'Statement of Directors' Responsibility' on page 149 confirming this position. In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; ➔ Companies Act No. 07 of 2007, ➔ Sri Lanka Accounting Standards (SLFRSs & LKASs) ➔ Listing Rules
	D 1.3	Complied	The Vice President - Finance and Chief Executive Officer review year-end Financial Statements before submitting to the Audit Committee and the Board and ensure that, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view.
Directors Report	D.1.4	Complied	The Declarations required to be made by the Board are given in the Annual Report of the Board of Directors (refer pages 149)
Statement of Directors and Auditors responsibility for the financial statement.	D.1.5	Complied	The Statement of Directors' responsibility in preparation of the Financial Statements is given on page 149 while the Independent Auditor's Report on pages 152 to 155 states the Auditor's responsibility for the Financial Statements.

Corporate Governance

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Management Discussion Analysis	D. 1.6	Complied	Operating Landscape and Financial Review are given on pages 74 to 75 of this report. The Risk Management Report is given on pages 24 to 29. The 6 capitals are discussed on pages 82 to 106 of this report. These together discuss; ➔ Business model; ➔ Industry structure and developments; ➔ Opportunities and threats; ➔ Risk management; ➔ Internal control systems and their adequacy; ➔ Governance; ➔ Stakeholder relationships; ➔ Social and environmental protection activities carried out by the Company; ➔ Financial performance; ➔ Investment in physical and intellectual capital; ➔ Human resource/industrial relations activities carried out by the Company; and ➔ Prospects for the future
Summoning an Extra Ordinary General Meeting (EGM) to notify Serious loss of capital	D. 1.7	N/A	N/A
Related party transactions	D. 1.8	Complied	The transactions entered into by the Company with the related parties is disclosed on Note 33 of the Financial Statements.
D.2 Risk Management and Internal Control	The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should have a risk management process and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process effected by a Company's Board of Directors and management, designed to provide reasonable assurance regarding the achievement of the Company's Objectives.		
Monitor the company's risk management and internal control systems	D. 2.1	Complied	The Company has its own internal audit processes implemented to ensure that effective controls are in place. These processes extend across all Company operations. The internal audit function is outsourced, and reports to the Board Audit Committee. The Risk Management section is covered on pages 24 to 29.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Review the need for internal audit function	D. 2.2	Complied	The Company has internal audit processes implemented to ensure that effective controls are in place. These processes extend across all Company operations. The internal audit function is outsourced, who and reports to the Board Audit Committee. The Audit Committee monitors, reviews, and evaluates the effectiveness of the internal control system including the internal controls over financial reporting. The Audit Committee report is given on pages 143 to 144.
Internal Audit function	D. 2.3	Complied	An Internal Audit is executed bi-annually under supervision of the Audit Committee.
Review of the process and effectiveness of risk management and internal controls	D. 2.4	Complied	The Audit Committee monitors, reviews, and evaluates the effectiveness of internal control system including the internal controls over financial reporting. In the reporting period ended 31st March 2025, the Board of Directors were satisfied with the effectiveness of the system of internal controls of the Company. The Risk Management Committee evaluates the effectiveness of the risk management system.
D.3 Audit Committee	The Board should establish formal and transparent arrangements for selecting and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors.		
Composition of the Audit Committee	D. 3.1	Complied	The Audit Committee consists of Two Independent Non-Executive Directors and One Non-Independent Non-Executive Director. Directors who served on the Audit Committee during 2024/25 ➔ Mr. D. A. De Zoysa – Resigned from the committee w.e.f. 01st Jan 2025 ➔ Ms. W. T. V. Perera (Appointed as the Chairperson w.e.f. 01st Jan 2025) ➔ Mr. C. S. R. S. Anthony ➔ Ms. K.A. Chellaraja (Appointed w.e.f. 01st Jan 2025)
Terms of Reference of the Audit Committee	D. 3.2	Complied	The Audit Committee has a written Terms of Reference dealing with its authority and duties.
Duties of the Audit Committee	D. 3.2	Complied	The Audit Committee is responsible for reviewing the financial reporting system and Financial Statements, including compliance with relevant accounting standards, laws and Company policies, and monitoring the scope & results of the internal and external audit, its effectiveness and the independence, performance and objectivity of the external auditors. In the event the auditors are contracted for non-audit services, the Committee reviews the nature and extent of such services with the aim of balancing objectivity, independence, and value for money. The adequacy and effectiveness of the internal control system is reviewed by the Audit Committee with the Company Internal Auditor. During the Audit Committee meetings, Internal Auditors are invited to present their internal audit findings.

Corporate Governance

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Duties of the Audit Committee (Contd.)	D. 3.2	Complied	Management is expected to implement an effective system of internal control that addresses the following: ➔ Safeguarding of assets ➔ Maintaining proper accounting records ➔ Providing reliable financial information ➔ Identifying and managing business risks ➔ Compliance with legislation and regulation ➔ Early detection of instances of non-compliance ➔ Identification and adoption of best practices
Disclosures of the Audit Committee	D. 3.3	Complied	The names of the members of the Audit Committee, Committee meetings held, and the attendance of members is available in the Audit Committee Report on pages 143 to 144. The basis of determination of the independence of Auditors is contained in the Audit Committee Report. The Audit Committee Report is available on pages 143 to 144.
D.4 Related Party Transactions Review Committee	The Board should establish a procedure to ensure that the Company does not engage in transactions with related parties in a manner that would grant such parties more favourable treatment than that accorded to third parties in the normal course of business		
Disclosure of Related Party Transactions Review Committee	D. 4.1	Complied	A Related Party Transactions Review Committee was established during the current Financial Year to comply with the Listing Rules since Company was in the process of listing in Colombo Stock Exchange. The functions of the Related Party Transactions Review Committee previously full filled by the Audit Committee. Directors who served on the Related Party Transactions Review Committee during 2024/25, ➔ Ms. K.A. Chellaraja (Appointed as the Chairperson w.e.f. 01st Jan 2025) ➔ Mr. C. S. R. S. Anthony ➔ Ms. W.T.V. Perera (Appointed w.e.f. 01st Jan 2025) Related party and related party transactions are defined as per LKAS 24 in the Financial Statements.
	D. 4.2	Complied	Related Party Transactions Review Committee consists Two Independent Non-Executive Directors and one Non-Independent Non-Executive Directors.
	D. 4.3	Complied	Related Party Transactions Review Committee has been established.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
D.5 Code of Business Conduct and Ethics	The Companies must adopt a Code of Business Conduct & Ethics for Directors, Key Management Personnel and all other employees' including but not limited to: dealing with shares of the company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal, fraudulent, and unethical behaviour be promptly reported to Those Charged with Governance. The company must disclose waivers of the Code for Directors, if any.		
Code of Business Conduct and ethics	D. 5.1	Complied	The Company has adopted a Code of Business conduct and ethics and the Directors and Key Management Personnel are committed to the Code and the principles contained therein. There were no reported cases of non-compliance with Code of Business Ethics by any Director, key management personnel or any other employee.
	D.5.2	Complied	The Company has a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.
	D.5.3	Complied	The policy in place and any share transaction done by Board Director needs to be immediately disclosed to the Company Secretary. Any share transaction conducted by Key Management Personnel, other than Board Directors must be reported to the Company's Compliance Office.
Affirmation by the Chairman for no violation	D. 5.4	Complied	The Chairman's affirmation in the Company's Annual Report that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics.
D.6 Corporate Governance Disclosures	The Company should disclose the extent of adoption of best practices in Corporate Governance.		
Corporate Governance Disclosures	D. 5.6	Complied	The Corporate Governance Report sets out the manner and extent to which the Company has complied with the principles and provisions of the code.
E. Institutional & Other Investors			
E.1 Shareholders voting	Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice		
Shareholder Voting	E.1	Complied	The Company is committed to maintaining good communications with investors. The Company circulates the AGM resolutions for shareholders' approval. Further, the Directors consider that it is important to understand the views of shareholders and, in particular, any issues which concern them.
Evaluation of Governance Disclosures	E.2	Complied	When evaluating the governance arrangements particularly, in relation to the Board structure and composition, institutional investors are encouraged to give due weight to all relevant factors drawn to their attention.

Corporate Governance

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
F. Other Investors			
Investing and Divesting decisions	F.1	Complied	Individual shareholders, investing or divesting directly in shares of the Company are encouraged to carry out adequate analysis and seek the independent advice in such decisions.
Shareholder Voting	F.2	Complied	All shareholders are encouraged to participate at meetings of the company and a form of proxy accompanies each notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote.
G. Internet of things and Cyber Security			
Internal and external IT devices connected to the Business Model	G 1.1	Complied	The Company has implemented adequate access controls and firewalls are in place.
Cyber Information Security Officer and Cyber Security Risk Management Policy	G 1.2	Complied	Chief Information Officer is the cyber information security officer for CAL Group and the IT Policy Manual covers the cyber security risk management policy for the Company. Cyber security insurance cover is available to manage the cyber security risk.
Discussions on cyber risk management	G 1.3	Complied	Cyber risk management is covered in risk register. Further, it is discussed in the risk management meeting.
Independent periodic reviews and assurance	G 1.4	Complied	Performed annual vulnerability assessments through an independent third party.
Disclosure on Cyber Security Risk Management	G 1.5	Complied	Refer pages 24 to 29 in Risk Management
Environment, Society and Governance (ESG)			
Environment, Society and Governance (ESG)	H 1.1 to H 1.5	Complied	The Company has adopted an integrated approach for environmental, social, and governance factors and the relevance of ESG factors for the business model and strategy.

Listing Rules Compliance

REPORT ON COMPLIANCE WITH THE SECTION 7.6 - CONTENTS OF ANNUAL REPORT IN THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (LISTING RULES)

The Colombo Stock Exchange (CSE) Listing Rules are designed to enhance investor confidence by requiring companies to publish accurate and timely information, enabling investors to assess companies and make informed investment decisions. These rules also outline governance standards that all listed companies must adhere to.

Level of compliance by Capital Alliance Holdings Limited with such rules is highlighted in the following table.

Rule No.	Disclosure Requirement	Compliance Status	Page Reference
7.6 (i)	Names of individuals who served as directors of the Entity during the financial year.	Complied	Refer the pages 19 to 22
7.6 (ii)	Principal activities of the Entity and its subsidiaries during the year and any changes therein.	Complied	Refer the pages 10, and 12 to 13
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR or any Other Class of Shares denominated in Foreign Currency and the percentage of such shares held.	Complied	Refer the page 239
7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding Requirement.	N/A	The Company has listed on the Colombo Stock Exchange on 30th May 2025 and hence it is not applicable as at 31st March 2025.
7.6 (v)	A statement of each Director's holding and Chief Executive Officer's holding in each class of shares of the Entity denominated in LKR and in Foreign Currency.	Complied	Refer the page 240
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	Complied	Refer the pages 30 to 32
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	N/A	N/A
7.6 (viii)	Extent, locations, valuations, and the number of buildings of the Entity's land holdings and investment properties.	N/A	N/A
7.6 (ix)	Number of shares representing the Entity's stated capital.	Complied	Refer the pages 206 to 207 and Note 31 to the Financial Statements
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings.	Complied	Refer the pages 239 to 240
7.6 (xi)	Ratios and market price information: ➞ Equity ➞ Debt ➞ Any changes in credit rating	Complied	Refer the page 14 for the ratios. Since CALH was listed on 30th May 2025, the market price as at 31st March 2025 is not available.
7.6 (xii)	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value.	N/A	N/A
7.6 (xiii)	If during the financial year the Entity has raised funds through an Initial Public Offering and/or a further issue of Securities.	Complied	Not Applicable since CALH was listed on 30th May 2025.
7.6 (xiv)	Information in respect of Employee Share Option Schemes and Employee Share Purchase Schemes	N/A	N/A

Listing Rules Compliance

Rule No.	Disclosure Requirement	Compliance Status	Page Reference
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules.	Complied	Refer the pages 131 to 141
7.6 (xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower.	Complied	Refer the pages 208 to 211
7.6 (xvii)	In the event a Listed Entity has its Foreign Currency denominated Securities listed on the Exchange, the Entity shall additionally disclose in its Annual Report.	N/A	N/A
7.6 (xviii)	In the event a Listed Entity has listed Sustainable Bonds on the Exchange, such Entity shall additionally disclose in its Annual Report.	N/A	N/A
7.6 (xix)	Disclose if the Entity has listed any Perpetual Debt Securities on the Exchange in its Annual Report.	N/A	N/A
7.6 (xx)	An Entity which has listed its Infrastructure Bonds on the Exchange shall additionally disclose.	N/A	N/A
7.6 (xxi)	In the event an Entity has listed Shariah Compliant Debt Securities on the Exchange, such Entity shall additionally disclose in its Annual Report.	N/A	N/A

COMPLIANCE REQUIREMENTS ON CORPORATE GOVERNANCE RULE 9 OF THE LISTING RULES

Report on the Compliance Requirements of Corporate Governance Rule 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.2 Policies			
9.2.1	Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website; (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistleblowing (l) Policy on Anti-Bribery and Corruption	Complied	Refer to the CAL website https://cal.lk/who-we-are/
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	N/A	None
9.2.3	Listed Entities shall disclose in its Annual Report:	Complied	Refer Rule 9.2.1
	(i) the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website. (ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above	N/A	
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Complied	Refer to the CAL website https://cal.lk/who-we-are/
9.3 Board Committees			
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied	Refer pages 143 to 148 for the established committees.

Listing Rules Compliance

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules.	Complied	Refer pages 143 to 148.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied	Refer pages 143 to 148.
9.4 Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	Complied	The Company Secretaries maintain records of all resolutions of General Meetings and information related thereto.
9.4.2	Communication and relations with shareholders and investors (a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. (b) Listed Entities shall disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity. (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	Complied	The Policy on Relations with Shareholders and Investors are in place.
9.5 Policy on matters relating to the Board of Directors			
9.5.1	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and set out as 9.5.1 in the Listing Rules.	Complied	Policy on matters relating to Board of Directors are in place.
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Complied	Policy on matters relating to Board of Directors are in place.
9.6 Chairperson and CEO			
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	Complied	Refer pages 143 to 148

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.6.2	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules. Such Market Announcement shall include the rationale for appointment of an Executive Director as Chairperson and/or combining the positions of the Chairperson and CEO of the Listed Entity.	N/A	N/A
9.6.3	The Requirement for a SID	N/A	N/A
9.7 Fitness of Directors and CEOs			
9.7.1	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, Listed Entities shall utilize the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 below.	Complied	The Company Secretaries obtain annual declarations from the Directors of the Company to ensure that they are at all times fit and proper persons as specified in the criteria given in Rule 9.7.3 of the Listing Rules of the CSE.
9.7.2	Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	Complied	The Nominations and Governance Committee established on 01st January 2025.
9.7.3	Fit and Proper Assessment Criteria: a) Honesty, Integrity and Reputation b) Competence and Capability c) Financial Soundness	Complied	
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied	Annual declarations were obtained from the Directors confirming that they continue to be satisfied with the fit and proper assessment criteria set out in the CSE Listing Rules as of 31st March 2025.
9.7.5	Disclosures in the Annual Report of Listed Entities Listed Entities shall include the following disclosures/reports in the Annual Report; a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s.	Complied	

Listing Rules Compliance

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.8 Board Composition			
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors	Complied	Refer pages 118 to 130.
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher. (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Complied	Refer page 111.
9.8.3	Criteria for determining independence	Complied	
9.8.4	Definitions related to Rule 9.8.3	N/A	N/A
9.8.5	The Board of Directors of Listed Entities shall require: a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report. c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	Complied	The Independent Directors submit signed declarations annually regarding their independence or non-independence, in accordance with the specified criteria outlined in Rule 9.8.3 of the CSE Listing Rules.
9.9 Alternate Directors			
	If a Listed Entity provides for the appointment of Alternate Directors, it shall be required to comply with the Section 9.9 in the Listing Rule and such requirements shall also be incorporated into the Articles of Association of the Entity.	No Alternate Director was appointed during the 2024/25.	N/A
9.10 Disclosures relating to Directors			
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	Complied	Policy on matters relating to Board of Directors is in placed.
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	Complied	Refer announcement page in the CSE site https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=CALH.N0000

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board of Directors or Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Complied	Refer announcement page in the CSE site https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=CALH.N0000
9.10.4	Listed Entities shall also disclose the following in relation to the Directors in the Annual Report: (i) name, qualifications and brief profile; (ii) the nature of his/her expertise in relevant functional areas; (iii) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity; (iv) whether Executive, Non-Executive and/or independent Director; (v) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies; (vi) number of Board meetings of the Listed Entity attended during the year; (vii) names of Board Committees in which the Director serves as Chairperson or a member; (viii) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and, (ix) The terms of reference and powers of the SID (where applicable).	Complied	Refer pages 19-22 for the Board of Directors profiles. Refer pages 208-211 for the Directors interest in Contracts. Refer page 113 for the Board compositions and the attendance.
9.11 Nominations and Governance Committee			
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Complied	Nominations and Governance Committee was formed on BR date of IPO application 01st January 2025.
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied	Refer announcement page in the CSE site https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=CALH.N0000

Listing Rules Compliance

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied	Refer page 147 for the Nominations and Governance Committee report.
9.11.4	Composition - The members of the Nominations and Governance Committee shall; - comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. - not comprise of Executive Directors of the Listed Entity. - An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. - The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	Complied	Refer page 147 for the Nominations and Governance Committee report.
9.11.5	The functions of the Nominations and Governance Committee	Complied	Refer page 147 for the Nominations and Governance Committee report.
9.11.6	Disclosures in Annual Report The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson.	Complied	Refer page 147 for the Nominations and Governance Committee report.
9.12 Remuneration Committee			
9.12.1	For the purposes of Rule 9.12, the term “remuneration” shall make reference to cash and all non-cash benefits whatsoever received.	Complied	
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	Complied	Refer page 146 for the Remuneration Committee report.
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	Complied	
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Complied	
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied	Refer page 146 for the Remuneration Committee report.

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.12.6	Composition (1) The members of the Remuneration Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity. (2) In a situation where both the parent company and the subsidiary are 'Listed Entities', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary. (3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Complied	Refer page 146 for the Remuneration Committee report.
9.12.7	Functions of the Remuneration Committee	Complied	
9.12.8	Disclosure in Annual Report		Refer page 146
9.13 Audit Committee			
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	Complied	Refer pages 143-144 for the Risk Committee. Separate Risk Committee has been established to full fill this responsibility
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	Complied	Refer pages 143-144
9.13.3	Composition (1) The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity. (2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. (3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. (4) If both, the Parent Company and the subsidiary are 'Listed Entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary. (5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. (6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	Complied	Refer pages 143-144 for the Audit Committee.

Listing Rules Compliance

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
	(7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.		
9.13.4	Functions of the Audit Committee	Complied	Refer pages 143-144
9.13.5	Disclosures in Annual Report	Complied	Refer pages 143-144
9.14 Related Party Transactions Review Committee			
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules.	Complied	Refer page for the Related Transaction Review Committee report.
9.14.2	Composition (1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee. (2) If a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.	Complied	Refer page 148
9.14.3	Functions of the Related Party Transactions Review Committee	Complied	Refer page 148
9.14.4	General Requirements (1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. (2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. (3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. (4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter.	Complied	Refer page 148
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied	Refer page 148

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.14.6	Shareholder Approval (1) Listed Entities shall obtain shareholder approval by way of a Special Resolution for the Related Party Transactions as set out in Section 9.14.6 (2) A transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation (3) If a transaction requires shareholder approval as set out in the Rules above, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.	Complied	Refer page 148
9.14.7	Disclosures A Listed Entity shall make an immediate Market Announcement to the Exchange as setoff in Section 9.14.7.	Complied	Refer announcement page in the CSE site https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=CALH.N0000
9.14.8	Disclosures in the Annual Report	Complied	Refer page 148 for the Related Party Transactions Review Committee report.
9.14.9	Acquisition And Disposal of Assets From/To Related Parties	Complied	
9.14.10	Exempted related party transactions	Complied	
9.15 Definitions			
	Definitions as set out in Section 9.15		
9.16 Additional Disclosures			
	The declarations by the Board of Directors to be included in the Annual Report as set out in 9.16	Complied	Refer page 149

Companies Act Checklist

Level of Compliance under Section 168 of the Companies Act No. 07 of 2007.

Information Required to be Disclosed as per the Companies Act No. 07 of 2007	Reference to the Companies Act	Annual Report Page Reference for Compliance and Necessary Disclosure
The nature of the business of the Company together with any change thereof during the accounting period.	Section 168 (1) (a)	Refer the pages 10 & 163
Signed Financial Statements of the Company for the accounting period completed in accordance with Section 151.	Section 168 (1) (b)	The Financial Statements of the Company for the year ended 31st March 2025 have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards and comply with the requirements of the Companies Act No. 07 of 2007. They were duly certified by the Vice President - Finance (the person responsible for the preparation of the Financial Statements) and were approved by two members of the Board as appearing on pages 156-162 form an integral part of this Report.
Auditors' Report on the Financial Statements of the Company.	Section 168 (1) (c)	Refer pages 152-155 for the "Independent Auditors' Report."
Accounting policies of the Company and any change therein.	Section 168 (1) (d)	Notes to the Financial Statements: Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company are given on pages 163-228. There were no changes to the Accounting Policies used by the Company.
Particulars of entries made in the Interests Register of the Company during the accounting period.	Section 168 (1) (e)	The Company maintains interest Registers. All the Directors have made declarations as required by Sections 192 (1) and (2) of the Companies Act aforesaid and all related entries were made in the Interest Registers during the year under review. The Interest Registers are available for inspection by shareholders or their authorised representatives as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007.
Remuneration and other benefits paid to Directors of the Company during the accounting period.	Section 168 (1) (f)	Refer Note 33 to the Financial Statements on page 208. Also refer the Remuneration Committee Report on page 146.
Total amount of donations made by the Company during the accounting period	Section 168 (1) (g)	Refer Note 12 to the Financial Statements on page 176.
Information on Directorate of the Company during and at the end of the accounting period	Section 168 (1) (h)	Refer the pages 19 to 22.
Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Company.	Section 168 (1) (i)	Note 12 to the Financial Statements on page 176.
Auditors' relationship or any interest with the Company.	Section 168 (1) (j)	Refer the pages 152 to 155 for the Audit Report
Acknowledgement of the contents of this Report/ Signatures on behalf of the Board.	Section 168 (1) (k)	Refer to page 149.

Audit Committee Report

COMPOSITION

The Audit Committee ensures an impartial approach when offering guidance and support on the Company's internal operations. It regularly evaluates the Company's performance by engaging in discussions with Directors and Senior Management and reviewing Internal Audits performed by the Internal Auditors. Additionally, the Audit Committee oversees all audit activities, ensuring strict adherence to Financial Standards and Statutory regulations.

The Audit Committee consists of Two Independent Non- Executive Directors of the Company. The Committee is chaired by Ms. W.T.V. Perera.

The members of the Board appointed Audit Committee are as follows.

- ➔ Mr. C.S.R. Sanjeeva Anthony - Remained as a member beyond his resignation as Chairman - w.e.f. 01 Jan 2025 (Non-Executive Non-Independent Director)
- ➔ Ms. W.T.V. Perera (Appointed as Chairperson w.e.f. 01 Jan 2025) (Non-Executive Independent Director)
- ➔ Ms. K.A. Chellaraja (Appointed to the committee w.e.f. 01 Jan 2025) (Non-Executive Independent Director)
- ➔ Mr. D.A. De Zoysa - (Resigned w.e.f. 01 Jan 2025) (Non-Executive Non-Independent Director)

MEETINGS

Audit Committee meetings were held quarterly and during the year 2024/25, there were five Audit Committee meetings were held.

At the invitation of the Audit Committee Chairman, participants such as the external and internal auditors, Group Risk and Compliance Officer, Group Chief Information Officer, Chief Executive Officer, Vice President - Finance, Manager Finance, other Directors, and representatives from the finance function and various business sectors may attend the Audit Committee meetings.

The Board of Directors receives regular updates on Audit Committee meetings. The attendance of Committee Members at these meetings for the year 2024/25 is detailed below.

Name of the Director	Eligibility to Attend	Attendance
Mr. C.S.R.S. Anthony	5	5
Ms. W.T.V. Perera	1	1
Ms. K. A. Chellaraja	1	1
Mr. D.A. De Zoysa	4	4

RESPONSIBILITIES AND DUTIES

The primary objective of the Board Audit Committee is to support the Board of Directors in fulfilling its fiduciary duties towards stakeholders. The Company has a separate Risk Management Committee to assess the risk management requirements as mentioned in the listing rules.

The Committee carried out the following activities as required in Section 9.13.4.1 of the Listing Rules published by Colombo Stock Exchange:

- ➔ Oversees adherence to regulatory mandates concerning financial reporting as stipulated by the CA Sri Lanka through the Sri Lanka Accounting Standards (SLFRS & LKAS), the Companies Act No. 7 of 2007, and the Listing Rules of the Colombo Stock Exchange.
- ➔ Reviews the Quarterly Financial Statements and Annual Financial Statements for the year ended 31 March 2025 focusing on the quality and accuracy of the Financial Statements including compliance with the relevant regulatory requirements.
- ➔ Evaluates the efficiency of the existing financial reporting systems to ensure the dependability of information furnished to Shareholders and other Stakeholders.

➔ Internal Audit:

The Company has outsourced its internal audit responsibilities to Ernst & Young (E&Y). The Committee thoroughly reviewed the insights presented in the internal audit reports and evaluated the actions taken by management to address the audit recommendations. Additionally, the Committee assessed the efficiency of the internal audit function and the scope of internal audit activities for the upcoming year. The Internal Audit Report issued by the Internal Auditors was jointly reviewed with Management, and the progress made in implementing key recommendations from the Internal Auditors was also evaluated during the year.

➔ External Audit

The Audit Committee is tasked with supervising the association with the external auditor, encompassing the following responsibilities:

- ➔ Approve the audit engagement fees and terms of engagement.
- ➔ Conducting an annual review of the external auditor's activities, findings, conclusions, and recommendations (including the Management Letter).
- ➔ Monitoring the external auditor's independence, objectivity, and the efficiency of the audit process, aligning with pertinent professional and regulatory requisites. This includes evaluating the external auditor's quality control mechanisms and measures undertaken in response to regulatory and other modifications.
- ➔ Ensuring resolution of any disagreements between management and the external auditor regarding financial reporting.

Audit Committee Report

Having reviewed the effectiveness of the External Audit, the Audit Committee also recommended to the Board of Directors that Messrs. KPMG be reappointed as the Auditors for the financial year ending 31 Mar 2026, subject to the approval of the shareholders at the Annual General Meeting.

➞ Whistleblowing Policy

The Company established the Whistleblowing Policy to educate and encourage all staff members to use the whistleblowing avenue when they have credible reasons to suspect any misconduct or impropriety. Comprehensive protocols are in place to conduct impartial investigations into incidents reported through this channel or discovered by other means. All raised concerns are thoroughly examined, and the identity of the reporting individual is kept confidential. Anonymous complaints are also investigated. The Board Audit Committee oversees this process.

➞ Board Audit Committee Evaluation

An independent evaluation of the Committee's effectiveness was conducted by the Board members during the year. Based on the Committee's overall performance and its contribution to the Company's operations, it was deemed exceptionally effective.



Ms. W.T.V Perera

Chairperson
Audit Committee

27th August 2025

Risk Management Committee Report

The Board Risk Management Committee (RMC) members of Capital Alliance Holdings Limited (CAL Group) during the year under review were as follows.

- ➔ Mr. T.J. William - Chairman (Rejoined as Chairman from Nov 2024)
Non-Executive Independent Director
- ➔ Mr. C.S.R.S. Anthony - Chairman (He served as Chairman till Nov 2024)
Non-Executive Non-Independent Director
- ➔ Mr. D.A. De Zoysa
Non-Executive Non-Independent Director

OVERVIEW

The primary function and duty of the RMC are to assist the Board in effectively fulfilling its supervisory responsibilities concerning the Company's risk and risk management compliance. The Chief Risk and Compliance Officer operates under the guidance of the RMC's Non-Executive Independent Directors on risk and risk management compliance matters, separate from their reporting structure to the CEO on these issues.

MEETINGS

The committee held five meetings during the year under review. Comprehensive minutes were documented and distributed to the Board of Directors during Board meetings to facilitate subsequent deliberation and examination.

Name of the Director	Eligibility to Attend	Attendance
Mr. T.J. William	1	1
Mr. D.A. De Zoysa	5	5
Mr. C.S.R.S. Anthony	5	5

ACTIVITIES FOR THE YEAR

The RMC reviewed and assessed the risk control self-assessment process, relevant risk registers, and the minutes of the quarterly internal risk meetings held with all Business Unit heads. The RMC also examined all risk limits and risks associated with new products, providing guidance on mitigating, transferring, and minimizing risks across the CAL Group.

Additionally, the committee evaluated the Company's compliance reports before presenting them to the Board of Directors. The RMC oversees and scrutinizes all instances of non-compliance, ensuring that corrective measures are implemented to meet all regulatory and supervisory mandates of the relevant regulators.

The RMC also reviewed the Company's risk management policy framework and suggested additional enhancements to strengthen risk management policies across all entities. Furthermore, the committee ensures the development of a resilient and dynamic risk culture within the organisation. It also supported the implementation of the comprehensive business strategy, promoting alignment with the Company's risk appetite and prudent risk tolerance framework.

On behalf of the Risk Management Committee



Mr. T.J. William

Chairman -
Risk Management Committee

27th August 2025

Remuneration Committee Report

GRI 2-19, 2-20

COMPOSITION

The Remuneration Committee, appointed by the Board, consists primarily of Non-Executive Directors and is chaired by a Non-Independent Non-Executive Director. The Committee members bring a diverse range of expertise and a thorough understanding of the business and industry.

Committee members are:

- ➔ Ms. K. A. Chellaraja - Chairperson
Non-Executive Independent Director
- ➔ Ms. N.T.M.S. Cooray
Non-Executive Non-Independent Director
- ➔ Mr. W.A.T. Fernando
Non-Executive Non-Independent Director
- ➔ Ms. R.S. Jayasuriya
Non-Executive Independent Director
- ➔ Mr. D.A. De Zoysa
Non-Executive Non-Independent Director

MEETINGS

The attendance record for the meetings during the Financial Year 2024/25 is presented below.

Name of the Director	Eligibility to Attend	Attendance
Ms. K. A. Chellaraja - Chairperson	2	2
Mr. D.A. De Zoysa	3	3
Ms. R.S. Jayasuriya	3	3
Ms. N.T.M.S. Cooray	3	3
Mr. W.A.T. Fernando	3	3

RESPONSIBILITY OF REMUNERATION COMMITTEE

The Remuneration Committee of Capital Alliance Holdings Limited is responsible for proposing remuneration policies to the Board. The committee works closely with Board members to ensure that Director remuneration, as outlined in the Company's Articles of Association, is fair and reasonable.

Transparency and fairness in remuneration policy are ensured by prohibiting Directors from determining their own remuneration. The Committee reviews policy frameworks established by the Company's Human Resources and verifies that compensation for Executive Directors and Senior Management complies with national legal standards.

The primary objective of the Remuneration Committee is to attract and retain a skilled and experienced workforce while appropriately acknowledging and rewarding their contributions.

REMUNERATION POLICY

The Group's remuneration strategy aims to attract, retain, and motivate skilled individuals at both the Board and Executive levels. These individuals should have the necessary professional, managerial, and operational competencies to achieve the Group's short-term and long-term goals. The remuneration policy ensures that the overall compensation package is competitive, aiming to attract the best talent to the Group.

The Group's remuneration framework has been redesigned to create value for stakeholders and aligns executive incentives with the Group's short and long-term interests. In crafting competitive compensation packages, the policy aims to acknowledge and incentivize high performers while balancing short-term performance objectives with long-term commitments to the Group.



Ms. K. A. Chellaraja
Chairperson -
Remuneration Committee

27th August 2025

Nominations and Governance Committee Report

GRI - 2-10, 2-18

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Board established the Nominations and Governance Committee on 01 January 2025 to assess and enhance overall effectiveness of the Board of Directors by exercising general oversight with respect to the governance of the Board, to review the qualifications of and recommend to the Board nominees for election to the Board, evaluate and recommend to the Board corporate governance practices applicable to the Company and to establish the framework for assessment of Board performance.

COMPOSITION OF THE COMMITTEE

The Nominations and Governance Committee members are appointed by the Board, consists primarily of at least three Directors of the Board (as elected by the Board) of which at least two Directors shall be Independent Directors of the Board. No member of the Nominations Committee shall be an Executive Director of the Company. The Board shall appoint an Independent Director as the Chair of the Nominations Committee and the Company Secretary shall be Secretary to the Nominations Committee.

The Committee members are:

- ➔ Ms. R.S. Jayasuriya – Chairperson
Non-Executive Independent Director
- ➔ Ms. K.A. Chellaraja
Non-Executive Independent Director
- ➔ Mr. D. A. De Zoysa
Non-Executive Non-Independent Director

RESPONSIBILITY OF NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee is responsible to evaluate the appointment of Directors to the Board of Directors and Board Committees of Capital Alliance Holdings Limited and provide to the Board its recommendations on any such proposed appointment. Further, evaluates the performance of current Directors of the Board including the experience knowledge and contributions made to the Company to meet the strategic objectives of CAL, in recommending or not, such Director's re-appointment to the Board. The Committee authorizes to retain advisers when it deems appropriate, including approval of fees and terms of retention, without the prior permission of the Board or management, subject to overall budget granted to the Committee.

The Nominations Committee determines the frequency with which the Directors on the Board and the CEO shall submit for re-election, provided however that such submission shall take place at a minimum of every 3 years. Further, frequently reviews and amends as required succession plans for the Directors on the Board and Key Management Personnel of CAL.

The Nominations Committee establishes, adopt and reviews at least annually, the set of criteria for selection of Directors to the Board including academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the requirements of CAL in order to achieve its strategic objectives taking into account requirements to be met and the responsibilities to be discharged.

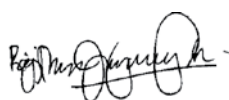
MEETINGS

The Nominations Committee shall meet as often as it determines is appropriate, but not less frequently than three times per annum. The quorum for a meeting of the Nominations Committee shall be the presence of all independent Directors appointed to the Committee.

The Nominations Committee shall meet as often as it determines if it is appropriate. The Committee, established as a Board Subcommittee, maintains records of member attendance, detailed below.

Name of the Director	Date of Appointment	Eligibility to Attend	Attendance
Ms. R.S. Jayasuriya - (Chairperson)	01 January 2025	1	1
Mr. D. A. De Zoysa	01 January 2025	1	1
Ms. K. A. Chellaraja	01 January 2025	1	1

The management reports to the Nominations Committee on compliance with the corporate governance framework of CAL including the Company's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/ non-compliances and the rational for same.



Ms. R.S. Jayasuriya
Chairperson
Nominations and Governance Committee

27th August 2025

Related Party Transactions Review Committee Report

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board established the Related Party Transactions Review Committee in compliance with the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9 – Corporate Governance of the Colombo Stock Exchange Listing Rules (the "Rules"). The Related Party Transactions Review Committee has been established during the current financial year which functions were previously oversee by the group Audit Committee.

COMPOSITION

The Related Party Transactions Review Committee consists of three Directors, as listed below:

- ➔ Ms. K.A. Chellaraja - (Chairperson)
Non-Executive Independent Director
- ➔ Ms. W.T.V. Perera
Non-Executive Independent Director
- ➔ Mr. C.S.R.S. Anthony
Non-Executive Non-Independent Director

The composition above complies with the provisions of the Code regarding the Board Related Party Transactions Review Committee.

OBJECTIVES

This Committee's primary objectives are to:

- ➔ Assist the Board in reviewing all Related Party Transactions carried out by the Company
- ➔ Review the Related Party Transactions of the Company to ensure that these transactions are in accordance with the Code of Best Practices on Related Party Transactions issued by the SEC and Section 9 of the Listing Rules issued by the CSE on Related Party Transactions and the Code of Best Practice on Corporate Governance issued by the CA Sri Lanka.
- ➔ Update the Board of Directors at quarterly Board Meetings

MEETINGS

The Company's Related Party Transactions Review Committee was established as a subcommittee of the Board and met quarterly. The attendance records of committee members for the Financial Year 2024/25 meetings are detailed below.

Name of the Director	Eligibility to Attend	Attendance
Ms. K.A. Chellaraja - (Chairperson)	1	1
Ms. W.T.V. Perera	1	1
Mr. C.S.R.S. Anthony	1	1

Meeting minutes were circulated to the Board of Directors for their review and information.

PROCEDURES FOLLOWED BY THE COMMITTEE

The senior management is required to update the Committee on all related party transactions during its quarterly meetings. Additionally, they must inform the Committee of any proposed non-recurrent transactions before their completion.

For recurrent related party transactions, the Committee reviews and evaluates ongoing relationships with the related parties to ensure compliance with its guidelines and to confirm the appropriateness of the transactions.

ACTIVITIES DURING THE YEAR

Throughout the year, the Committee reviewed all Related Party Transactions and their nature during its meetings, providing observations and recommendations to the Board of Directors.

Details of the related party transactions undertaken by the Company during the year are disclosed in Note 33 of the financial statements.

DECLARATION

The Annual Report contains a declaration by the Board of Directors confirming compliance with regulations on Related Party Transactions, as outlined in the Report of the Board of Directors.



Ms. K.A. Chellaraja

Chairperson -
Related Party Transactions Review Committee

27th August 2025

Statements of Directors' Responsibility

The Directors of the Company are responsible for ensuring that the Company and its subsidiaries maintain accurate and comprehensive books of accounts for all transactions. They must prepare and present financial statements to the shareholders in accordance with the relevant provisions of the Companies Act No. 7 of 2007, and other applicable statutes. These financial statements include the Statements of Financial Position as of 31st March 2025, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year ended, and the accompanying Notes. The Directors are required to prepare these financial statements on a going concern basis unless it is inappropriate to do so.

The Directors confirm that the financial statements of the Company and the Group give a true and fair view of;

- ➔ The state of affairs of the Company and the Group as at 31st March 2025 and
- ➔ The financial performance of the Company and the Group for the financial year ended 31st March 2025

The financial statements of the Company and the Group for the year ended 31st March 2025, included in this report, have been prepared in compliance with the Companies Act, No. 7 of 2007, and Sri Lanka Accounting Standards (LKAS/SLFRS).

These financial statements have been certified by the Vice President - Finance of the Company, who is responsible for their preparation, and have been signed by two Directors in accordance with Sections 150 and 152 of the Companies Act.

The Directors are responsible for ensuring that proper accounting records are maintained by the Company, accurately recording and explaining its transactions. This allows the Company's financial position to be determined with reasonable accuracy at any time, facilitates the preparation of financial statements, and ensures that these statements can be readily and properly audited, in accordance with Section 148(1) of the Act. Consequently, the Directors have ensured that the Company and its subsidiaries maintain proper books of accounts and regularly review financial reports during their meetings.

The Board also reviews and approves all interim financial statements before their release. The Board of Directors accepts responsibility for the integrity and objectivity of the financial statements presented. The Directors confirm that the financial statements have been prepared using appropriate accounting policies consistently, with appropriate estimates and judgments made to reflect the true substance and form of transactions.

The Directors have taken reasonable measures to safeguard the assets of the Company and its subsidiaries and to prevent and detect fraud and other irregularities. To this end, the Directors have established an effective and comprehensive internal control system.

The Company's auditors, Messrs. KPMG, were reappointed in accordance with a resolution passed at the last Annual General Meeting. They were provided with all necessary information required to conduct their audit and to express their opinion, which is presented on pages 152 to 155 of this Annual Report.

The Directors confirm that, to the best of their knowledge, all statutory payments due from the Company and its subsidiaries as of the financial reporting date have been paid or, where applicable, provisioned for.

The Directors further confirm that after considering the financial position, operating conditions, and regulatory and other factors, they have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future and that the Going Concern basis is the most appropriate in the preparation of these financial statements.

By Order of the Board
Capital Alliance Holdings Limited



Mr. D.A. De Zoysa
Chairman

27th August 2025

Responsibility Statement of Chairman, Chief Executive Officer and Vice President - Finance

The Financial Statements of Capital Alliance Holdings Limited as of 31st March 2025 are prepared and presented in accordance with the following requirements:

- ➔ Sri Lanka Accounting Standards issued by CA Sri Lanka
- ➔ The Companies Act No. 07 of 2007
- ➔ The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- ➔ The Code of Best Practice on Corporate Governance issued by CA Sri Lanka in 2023
- ➔ Listing Rules of the Colombo Stock Exchange

We confirm that the significant accounting policies used in preparing the financial statements are appropriate and have been consistently applied by the Company. Significant accounting policies and estimates involving high degrees of judgment and complexity were discussed with the Audit Committee and external auditors.

We have taken proper and sufficient care in establishing systems of internal control and accounting records to safeguard assets and prevent and detect fraud and other irregularities. These systems are reviewed, evaluated, and updated on an ongoing basis.

Periodic audits conducted by the internal auditors provided reasonable assurance that the established policies and procedures of the Company were consistently followed. However, inherent limitations in any system of internal controls and accounting must be recognised when considering the assurances provided.

The Financial Statements were audited by the independent external auditors, Messrs KPMG, Chartered Accountants.

The Audit Committee of the Company meets regularly with both the internal and independent auditors to review the effectiveness of audits and discuss auditing, internal control, and financial reporting issues. The independent and internal auditors have full and free access to the Audit Committee to discuss any substantive matters. The Audit Committee approves the audit and non-audit services provided by the external auditor to ensure that such services do not impair their independence.

We confirm that:

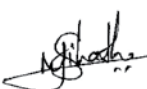
- ➔ The Company has complied with all applicable laws, regulations, and prudential requirements.
- ➔ There are no material non-compliances.
- ➔ There are no material litigations pending against the Company.



Mr. D.A. De Zoysa
Chairman



Mr. K.P. Mannakkara
Group Chief Executive Officer



Mr. Nishantha Adhikari
Vice President - Finance

27th August 2025



**FREQUENCY OF GROWTH
TRULY BEYOND EXPECTATION**

INDEPENDENT AUDITOR'S REPORT

GRI 2-5



KPMG
(Chartered Accountants)
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P. O. Box 186,
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TO THE SHAREHOLDERS OF CAPITAL ALLIANCE HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Capital Alliance Holdings Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2025, and statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view

of the financial position of the Company and the Group as of March 31st 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters..

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C. P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA

W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D. Corea Dharmaratne

Carrying amount of financial assets, recognition of gains/losses on trading and interest income on financial assets

Refer to the material accounting policy in Note 3.4.1 and Note 5,9,16 and 18 to the financial statements

Risk Description	Our responses
As at 31st March 2025, the Group and Company's financial assets portfolio consists with treasury bills and treasury bonds, unit trust investments, share investments measured at fair value and securities purchased under resale agreements and term deposits measured at amortised cost. The carrying amount of treasury bills and treasury bonds measured at fair value through profit or loss is Rs. 101 Bn for Group, unit trust investments measured at fair value through profit and loss is Rs. 1.4 Bn. and Rs. 726 Mn. respectively for Group and Company, share investments measured at fair value through profit or loss is Rs. 1.2 Bn and Rs. 119 Mn. respectively for Group and Company, securities purchased under resale agreements measured at amortised cost amount to Rs. 3 Bn and Rs. 2.5 Bn. respectively for Group and Company and term deposits measured at amortised cost is Rs. 403 Mn for Group. Further in Notes 05 and 09, the Group and Company have recognised interest income and net gain from trading of financial assets of Rs. 9.3 Bn, Rs. 4 Mn. and Rs. 6.6 Bn and Rs. 74 Mn. respectively. As the Group's business operations are sensitive to market conditions, the carrying amounts of these financial assets are considered to be an area of risk for the current financial year considering the uncertainties and volatilities in the macro-economic environment existed during the year that are still prevailing. Due to rapid changes in the macro-economic environment, the composition of the investment portfolio of the Group and the observability of the market data were affected making the investment decisions and measurement more challenging and significant. In addition, the Group considers income and gain from financial assets as an important element in the preparation of budgets and measuring management performance. These factors could create an incentive for gains/ losses on trading and interest income to be recognised in contrary to the recognition criteria. Accordingly, due to their materiality in the context of the financial statements as a whole and the prevailing uncertain and volatile macro- economic environment, the carrying amount of Group's financial assets including related gain/losses on trading and interest income are considered to be an area which had a great effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our audit procedures included: ➔ Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the management's key internal controls over identification, measurement and management of measurement risk as well as evaluating the methodologies and input parameters used by the Group in determining carrying amounts including fair values, gains/losses on trading and interest income recognition and measurement. ➔ Testing the operating effectiveness of key IT application controls over gains/losses on trading and interest income, in addition to evaluating the integrity of the general IT control environment. ➔ Comparing observable inputs against independent sources and externally available market data and re-performing independent valuations. ➔ Making inquiries of the management on the market conditions and reviewing the board minutes. ➔ Testing mathematical accuracy and verifying the appropriateness and completeness of the data used. ➔ Obtaining and agreeing with the third-party confirmations for a sample of outstanding financial instruments. ➔ On a sample basis, testing of details over gains/losses on trading and interest income by inspecting a supporting documents, re-computation of gains and losses on trading and interest income and testing of cut off transactions in order to ensure such income is recognised and measured in accordance with the applicable financial reporting requirements and the Group accounting policies. ➔ Assessing the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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 for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- ➔ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ➔ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

- ➔ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ➔ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ➔ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ➔ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion..

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.



CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
27th August 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Income	5	17,076,496,853	33,049,264,571	4,874,452,117	2,291,999,162
Interest Income	6	9,336,579,641	10,741,758,453	4,020,806	76,988,878
Interest Expense	7	(5,968,794,003)	(6,759,307,512)	(31,576,797)	(176,518,025)
Net Interest Income/ (Expense)		3,367,785,638	3,982,450,941	(27,555,991)	(99,529,147)
Fee Based Income	8	2,533,527,037	2,291,380,619	41,480,340	3,913,143
Net Gains from Trading	9.1	6,655,474,412	19,060,617,107	74,441,379	19,512,068
Net Fair Value Gains/ (Losses) from Financial Assets at FVTPL	9.2	(1,518,224,262)	882,129,474	12,342,492	9,021,051
Direct Expenses	10	(58,459,434)	(68,752,133)	-	-
Other Income	11	69,140,025	73,378,918	4,742,167,100	2,182,564,022
Total Operating Income		11,049,243,416	26,221,204,926	4,842,875,320	2,115,481,137
Personnel Expenses	12	(2,015,687,686)	(3,579,266,059)	(66,840,404)	(53,515,849)
Depreciation & Amortization	12	(102,222,871)	(103,487,344)	(3,645,761)	(7,147,301)
Other Operating Expenses	12.1	(2,304,897,176)	(1,845,627,578)	(197,036,322)	(123,024,964)
Reversals of Impairment of Subsidiaries	21.3	-	-	24,041,587	3,914,626
Operating Profit	12	6,626,435,683	20,692,823,945	4,599,394,420	1,935,707,649
Share of Profit from Equity accounted Investee (Net of Tax)	22.2	-	21,070,301	-	-
Profit Before Income Tax		6,626,435,683	20,713,894,246	4,599,394,420	1,935,707,649
Income Tax (Expense)/ Reversal	13.1	(2,398,615,379)	(6,622,920,742)	(1,680,335)	864,576
Profit for the year		4,227,820,304	14,090,973,504	4,597,714,085	1,936,572,225
Profit attributable to:					
Equity Holders of the Parent Company		3,606,696,393	11,337,769,357	4,597,714,085	1,936,572,225
Non-Controlling Interests		621,123,911	2,753,204,147	-	-
Profit for the year		4,227,820,304	14,090,973,504	4,597,714,085	1,936,572,225
Basic Earnings per Share before Share Split (Rs.)	14	28.26	103.97	36.02	17.76
Basic Earnings per Share after Share Split (Rs.)	14	1.88	6.93	2.40	1.18

The Accounting Policies and explanatory notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit for the Year		4,227,820,304	14,090,973,504	4,597,714,085	1,936,572,225
Other Comprehensive Income /(Expense)					
Items that are or may be reclassified to Profit or Loss					
Foreign currency translation differences of foreign operations		(162,073,439)	(201,223,460)	-	-
Items that will not be reclassified to Profit or Loss					
Defined Benefit Plan Actuarial Gains / (Losses)	30.3	3,799,015	(21,246,305)	1,290,049	(3,462,159)
Deferred Tax on Actuarial (Gains) / Losses	13.2	(916,910)	6,051,625	(387,015)	1,038,648
Share of other comprehensive Expense from equity accounted investees (net of tax)	22.2	-	(314,812)	-	-
Other Comprehensive Income / (Expense) for the year		(159,191,334)	(216,732,952)	903,034	(2,423,511)
Total Comprehensive Income for the year		4,068,628,970	13,874,240,552	4,598,617,119	1,934,148,714
Total Comprehensive Income attributable to:					
Equity Holders of the Parent Company		3,513,180,280	11,195,271,631	4,598,617,119	1,934,148,714
Non-controlling interests		555,448,690	2,678,968,921	-	-
Total Comprehensive Income for the year		4,068,628,970	13,874,240,552	4,598,617,119	1,934,148,714

The Accounting Policies and explanatory notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Cash and Cash Equivalents	15.1	561,190,530	1,136,890,360	5,629,523	11,399,645
Financial Assets Measured at FVTPL	16	103,816,703,137	60,881,033,014	845,794,332	473,366,448
Financial Assets Measured at FVOCI	17	-	-	325,000,000	-
Financial Assets Measured at Amortised Cost	18	3,406,286,250	1,157,988,494	2,535,206,833	-
Trade and Other Receivables	19	3,529,198,751	2,975,864,325	60,920,481	76,093,412
Amounts Due from Related Entities	20.1	-	-	74,535,641	144,733,691
Investment in Subsidiaries	21	-	-	1,897,304,850	2,269,287,082
Intangible Assets	23	160,655,969	149,708,614	2,060,064	3,787,829
Right-of-use Assets	24	109,600,246	102,801,321	-	-
Property, Plant and Equipment	25	140,221,323	140,845,836	186,681	1,987,009
Deferred Tax Assets	13.7	47,467,193	45,622,443	2,708,355	4,775,705
Income Tax Receivable	13.3	-	-	9,656,037	9,656,037
Total Assets		111,771,323,399	66,590,754,407	5,759,002,797	2,995,086,858
EQUITY AND LIABILITIES					
Liabilities					
Bank Overdrafts	15.2	402,067,475	-	57,392,533	-
Financial Liabilities Measured at Amortised Cost	26	85,982,586,274	37,914,225,387	125,315,308	-
Trade and Other Payables	27	2,337,251,245	3,912,195,041	71,515,348	35,649,314
Income Tax Payable	13.3	2,164,313,288	4,992,449,148	-	-
Amounts Due to Related Entities	28	-	-	-	3,379,501
Lease Liability	29	118,763,535	115,012,852	-	-
Deferred Tax Liability	13.7	-	180,298	-	-
Retirement Benefit Obligations	30	171,840,395	148,402,712	9,748,290	17,456,276
Total Liabilities		91,176,822,212	47,082,465,438	263,971,479	56,485,091
Equity					
Stated Capital	31	2,532,798,096	2,532,798,096	2,532,798,096	2,532,798,096
Special Risk Reserve	32.1	2,839,074,701	2,316,818,030	-	-
Fair Value Reserve	32.2	-	-	-	-
Retained Earnings		12,857,414,950	11,808,827,473	2,962,233,222	405,803,671
Foreign Currency Translation Reserve	32.3	(163,698,481)	(67,506,497)	-	-
Equity attributable to the Equity Holders of the Parent Company		18,065,589,266	16,590,937,102	5,495,031,318	2,938,601,767
Non-controlling interests		2,528,911,921	2,917,351,867	-	-
Total Equity		20,594,501,187	19,508,288,969	5,495,031,318	2,938,601,767
Total Liabilities and Equity		111,771,323,399	66,590,754,407	5,759,002,797	2,995,086,858
Net Assets Value per Share (Rs.)		9.44	8.67	2.87	1.53

Accounting Policies and Notes form an integral part of these Financial Statements.

These Financial statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007.



Mr. Nishantha Adhikari

Vice President - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

These Financial Statements were approved and signed for and on behalf of the Directors of Capital Alliance Holdings Limited.



Mr. D.A. De Zoysa

Director



Mr. C. S. R. S. Anthony

Director

27th August 2025
Colombo

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2025	Attributable to Equity Holders of the Parent Company						Non-Controlling Interests	Total Equity
	Stated Capital	Fair Value Reserve	Foreign currency Translation reserve	Special Risk Reserve	Retained Earnings	Total		
GROUP	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2023	223,231,471	20,033,695	61,298,454	927,499,681	3,962,188,781	5,194,252,082	1,650,567,446	6,844,819,528
Shares issued during the year	2,309,566,625	-	-	-	-	2,309,566,625	-	2,309,566,625
Disposal of equity accounted Investee during the year	-	(15,391,863)	-	-	(31,725,380)	(47,117,243)	-	(47,117,243)
Total comprehensive income for the year								
Profit for the year	-	-	-	-	11,337,769,357	11,337,769,357	2,753,204,147	14,090,973,504
Other comprehensive Expense for the year	-	(314,812)	(128,804,951)	-	(13,377,963)	(142,497,726)	(74,235,226)	(216,732,952)
Total comprehensive Income/(expense)	-	(314,812)	(128,804,951)	-	11,324,391,394	11,195,271,631	2,678,968,921	13,874,240,552
Transferred To the Special Risk Reserve	-	-	-	1,389,318,349	(1,389,318,349)	-	-	-
Reclassification of Fair Value Reserve	-	(4,327,020)	-	-	4,327,020	-	-	-
Dividend Paid during the year	-	-	-	-	(1,850,731,034)	(1,850,731,034)	(506,887,187)	(2,357,618,221)
Total transactions with Equity Holders of the Parent Company								
Adjustment due to changes in holding	-	-	-	-	(210,304,959)	(210,304,959)	210,304,959	-
Investment in Subsidiary	-	-	-	-	-	-	(1,312,585,481)	(1,312,585,481)
Issue of Shares (Pending Allotment)	-	-	-	-	-	-	196,983,208	196,983,208
Total transactions with Equity Holders of the Parent Company	-	-	-	-	(210,304,959)	(210,304,959)	(905,297,314)	(1,115,602,273)
Balance as at 31st March 2024	2,532,798,096	-	(67,506,497)	2,316,818,030	11,808,827,473	16,590,937,102	2,917,351,867	19,508,288,969
Balance as at 01st April 2024	2,532,798,096	-	(67,506,497)	2,316,818,030	11,808,827,473	16,590,937,102	2,917,351,867	19,508,288,969
Total comprehensive income for the year								
Profit for the year	-	-	-	-	3,606,696,393	3,606,696,393	621,123,911	4,227,820,304
Other comprehensive Income/(Expense) for the year	-	-	(96,191,984)	-	2,675,871	(93,516,113)	(65,990,656)	(159,191,334)
Total comprehensive Income/(Expense)	-	-	(96,191,984)	-	3,609,372,264	3,513,180,280	555,448,690	4,068,628,970
Transferred To the Special Risk Reserve	-	-	-	522,256,671	(522,256,671)	-	-	-
Dividend Paid during the year	-	-	-	-	(2,042,187,568)	(2,042,187,568)	(940,229,184)	(2,982,416,752)
Total transactions with Equity Holders of the Parent Company								
Adjustment due to changes in holding	-	-	-	-	3,659,452	3,659,452	(3,659,452)	-
Total transactions with Equity Holders of the Parent Company	-	-	-	-	3,659,452	3,659,452	(3,659,452)	-
Balance as at 31st March 2025	2,532,798,096	-	(163,698,481)	2,839,074,701	12,857,414,950	18,065,589,266	2,528,911,921	20,594,501,187

The Accounting policies and notes to the Financial Statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

COMPANY	Stated Capital Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st April 2023	223,231,471	4,327,020	318,058,971	545,617,462
Shares issued during the year	2,309,566,625	-	-	2,309,566,625
Total comprehensive income for the year				
Profit for the year	-	-	1,936,572,225	1,936,572,225
Other comprehensive Expenses for the year	-	-	(2,423,511)	(2,423,511)
Total Comprehensive Income	-	-	1,934,148,714	1,934,148,714
Reclassification of Fair Value Reserve	-	(4,327,020)	4,327,020	-
Dividend Paid during the year	-	-	(1,850,731,034)	(1,850,731,034)
Balance as at 31st March 2024	2,532,798,096	-	405,803,671	2,938,601,767
Balance as at 01st April 2024	2,532,798,096	-	405,803,671	2,938,601,767
Total Comprehensive Income for the year				
Profit for the year	-	-	4,597,714,085	4,597,714,085
Other comprehensive Income for the year	-	-	903,034	903,034
Total Comprehensive Income	-	-	4,598,617,119	4,598,617,119
Dividend Paid during the year			(2,042,187,568)	(2,042,187,568)
Balance as at 31st March 2025	2,532,798,096	-	2,962,233,222	5,495,031,318

The Accounting policies and notes to the Financial Statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOW

		GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH		2025	2024	2025	2024
	Note	Rs.	Rs.	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before Income Tax Expense		6,626,435,683	20,713,894,246	4,599,394,420	1,935,707,649
Adjustments For,					
Depreciation of Property Plant & Equipment	25	48,860,627	42,760,936	1,800,328	4,830,451
Amortization of Intangible Assets	23	9,189,060	12,148,195	1,845,433	2,316,850
Provision for Retiring Gratuity	30	33,837,323	34,507,409	3,657,063	3,072,932
Profit/ (Loss) on Disposals of Property Plant & Equipment	11	(19,526,000)	4,896,303	(19,500,000)	502,337
Disposal Loss on Sale of Subsidiary Shares	11	-	-	37,688,116	49,205,312
Disposal Gain on Sale of Joint Venture	11	-	-	-	(47,434,000)
Share of profit equity accounted investee (net of tax)	22	-	(21,070,301)	-	-
Reversal of impairment of Investment in Subsidiaries	21	-	-	(24,041,587)	(3,914,626)
Write off of Related Party Receivables		-	-	120,000,000	-
Provision for/ (Reversal of) impairment of trade receivables	19	9,922,534	15,277,038	2,407,211	(467,296)
Write off Investment in Unquoted Shares	17	-	7,402,021	-	7,402,021
Provision for Investment in Unquoted Shares		-	20,872,440	-	20,872,440
Provision for Investment in commercial papers	18.2	114,395,855	-	-	-
Depreciation of ROU Assets	24	44,173,184	48,578,212	-	-
Finance Cost on ROU Assets	7	9,292,923	11,349,707	-	-
Net Fair Value Gains/ (Losses) from Financial Assets at FVTPL	9.2	1,518,224,262	(882,129,474)	(12,342,492)	(9,021,051)
Net Capital (Gain)/ Losses on sale Investment in Shares	9.1	(94,529,445)	8,987,090	(11,303,072)	(263,868)
Net Capital Gains on Investment in Unit Trust Funds	9.1	(246,393,574)	(58,943,785)	(63,138,307)	(19,248,200)
Net Capital Gains on Treasury Bills, and Bonds	9.1	(6,314,551,393)	(19,010,660,412)	-	-
Dividend Income	11	(42,982,748)	(21,296,934)	(4,758,579,236)	(2,181,988,248)
Interest Income	6	(9,336,579,641)	(10,741,758,453)	(4,020,806)	(76,988,878)
Interest Expense	7	5,959,501,080	6,747,957,805	31,576,797	176,518,025
Operating Loss before Changes in Operating Activities		(1,680,730,270)	(3,067,227,957)	(94,556,132)	(138,898,150)
(Increase) / Decrease in Securities Purchase under Resale Agreements		(1,980,835,696)	(643,071,732)	(2,535,206,833)	-
(Increase) / Decrease in Government securities measured at FVTPL		(38,001,380,765)	(1,170,065,235)	-	-
(Increase) / Decrease in Trade and Other Receivables		(563,934,322)	(815,448,292)	12,765,720	125,522,159
(Increase) / Decrease in Amounts Due from Related Entities		-	2,006,562	(59,189,450)	(74,602,707)
Increase / (Decrease) in Securities Sold Under Repurchase Agreements		44,276,408,362	7,386,675,801	-	-
Increase / (Decrease) in Amounts Due to Related Entities		-	-	(3,379,501)	(95,220,689)

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Increase / (Decrease) in Trade & Other Payables		(1,574,943,796)	1,978,692,427	35,866,054	4,722,693
		474,583,513	3,671,561,574	(2,643,700,142)	(178,476,694)
Tax Paid	13.3	(5,211,939,658)	(2,534,075,531)	-	-
Gratuity Paid	30	(6,600,625)	(12,015,500)	(687,500)	-
Net cash Generated from/ (Used in) Operating Activities		(4,743,956,770)	1,125,470,543	(2,644,387,662)	(178,476,694)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net (Investment in)/ disposal of Shares	16.3.1	60,845,549	(1,095,383,289)	11,411,210	(96,467,408)
Loan repayment from related party		-	-	-	1,023,143,836
Proceeds from Disposal of Joint Venture		-	107,434,000	-	107,434,000
Investment in Subsidiaries		-	(1,115,602,273)	-	(1,312,585,481)
Investment in commercial papers	18.2	(114,395,855)	-	-	-
Sale Proceeds from Disposal of Property, Plant & Equipment		19,526,000	-	19,500,000	-
Acquisition of Property, Plant and Equipment	25	(54,574,535)	(103,250,834)	-	(358,000)
Acquisition of Intangible Assets	23	(24,846,542)	(14,833,280)	(117,668)	(1,386,283)
Proceeds from Disposal of Subsidiary		-	-	33,335,683	27,906,215
Investment in Financial Assets Measured at FVOCI		-	(20,872,440)	-	(20,872,440)
Net Investment in withdrawal of Placement with Banks		(261,190,105)	261,718,267	-	-
Net (Investment)/ Redemption in Unit Trust Funds	16.2.1	(130,463,961)	(765,476,051)	(297,055,223)	(319,120,501)
Dividend Received	11	42,982,748	21,296,934	4,758,579,236	2,181,988,248
Interest Income Received		9,598,627,115	10,741,758,453	4,020,806	76,988,878
Net cash generated from Investing Activities		9,136,510,414	8,016,789,487	4,529,674,064	1,666,671,064
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Issue /(settlement) of Commercial Papers	26.3	(69,414,830)	(1,697,209,787)	-	(1,814,254,624)
Net settlement of Term Loans	26.2	3,396,765,397	140,000,000	125,000,000	(125,000,000)
Interest Paid		(5,494,899,122)	(6,560,924,335)	(31,261,489)	(45,788,089)
Lease rental Paid	29.1	(54,983,831)	(57,235,986)	-	-
Shares Issued		-	2,309,566,625	-	2,309,566,625
Dividend Paid		(2,982,416,752)	(2,357,618,221)	(2,042,187,568)	(1,850,731,034)
Net cash From /(used in) Financing Activities		(5,204,949,138)	(8,223,421,704)	(1,948,449,057)	(1,526,207,122)
Net increase/ (decrease) in Cash and Cash equivalents		(812,395,494)	918,838,326	(63,162,655)	(38,012,752)
Cash and Cash equivalents at the beginning of the year	15	1,136,890,360	458,381,381	11,399,645	49,412,397
Effect of movement in exchange rates		(165,371,811)	(240,329,347)	-	-
Cash and Cash equivalents at the end of the year	15	159,123,055	1,136,890,360	(51,763,010)	11,399,645

The Accounting Policies and explanatory notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

The Capital Alliance Holdings Limited is a Limited Liability Company incorporated and domiciled in Sri Lanka under the Companies Act No. 7 of 2007 and listed on the Colombo Stock Exchange. The Registered Office of the Company is situated at Level -5, "Millennium House", No. 46/58, Nawam Mawatha, Colombo 2 where the principal business is carried out.

The Consolidated Financial Statements of Capital Alliance Holdings Limited for the year ended 31st March 2025 comprises those of the Company (Parent company), its Subsidiaries (together referred to as the 'Group').

1.1. Date of incorporation and commencement of commercial operations

The Company was incorporated on 25th March 2003 and commenced its commercial operations on 7th April 2003.

1.2. Principal activities and nature of operations

1.2.1. The principal activities of the Company

The Principal Activities of the Company continued to be engaging in investment activities and management of subsidiaries.

1.2.2. The principal activities of subsidiaries are as follows;

Name of the Subsidiary/Joint Venture	Principal Activities
Capital Alliance PLC (Formerly Capital Alliance Limited)	The Principal Activities of the Capital Alliance PLC are dealing in Government Securities and corporate debt securities.
Capital Alliance Partners Limited	The Principal Activities of the Capital Alliance Partners Limited are dealing in Corporate Finance and fee-based activities.
Capital Alliance Securities (Pvt) Limited	The Principal Activity of the Capital Alliance Securities (Pvt) Limited is Stock Brokering.
Capital Alliance Investments Limited	The Principal Activities of the Capital Alliance Investments Limited are managing Unit Trust Funds and Private Wealth Management.
Finnovation (Pvt) Limited	The Principal Activity of the Finnovation (Pvt) Limited is providing IT services to Related Companies.
FipBox (Pvt) Limited	The Principal Activity of the FipBox (Pvt) Ltd is to promote digitalised transactions for investment related products.
CAL Investment Consultancy FZ LLC (Formerly CAL Investment Holdings Limited)	The Principal Activity of the Company is investment holding and investment consultancy.
CAL Bangladesh Limited, Bangladesh	The Principal Activity of the Company is provision of Consultancy services.
CAL Securities Limited, Bangladesh	The Principal Activity of the Company is Stock Brokering.
CAL Investments Limited, Bangladesh	The Principal Activity of the Company is full- fledged Marchant bank activities.
Fixed Income Investment I (Private) Limited	The Principal Activity of the Company is investment holding.
Fixed Income Investment II (Private) Limited*	The Principal Activity of the Company is investment holding.
Fixed Income Investment III (Private) Limited*	The Principal Activity of the Company is investment holding.
Fixed Income Investment V (Private) Limited*	The Principal Activity of the Company is investment holding.
Fixed Income Investment VI (Private) Limited*	The Principal Activity of the Company is investment holding.
Fixed Income Investment VII (Private) Limited*	The Principal Activity of the Company is investment holding.
Fixed Income Investment VIII (Private) Limited*	The Principal Activity of the Company is investment holding.
Capital Alliance Advisory Services (Private) Limited	Providing financial advisory and consultancy services.

*The Board of Directors of Fixed Income Investment III (Pvt) Ltd, Fixed Income Investment IV (Pvt) Ltd, Fixed income Investment V (Pvt) Ltd, Fixed Income Investment VI (Pvt) Ltd, Fixed Income Investment VII (Pvt) Ltd and Fixed Income Investment VIII (Pvt) Ltd (hereinafter the "Amalgamating Entities") and Fixed Income Investment II (Pvt) Ltd have resolved to amalgamate. The effective date of the amalgamation is 14th January 2025. The amalgamation was carried out among wholly owned subsidiaries of the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and Company which comprise of the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive income, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka. These Financial Statements, except for information on cash flows, have been prepared following accrual basis of accounting.

2.1.1 Statement of Presentation

The Financial Statements of the Company have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

2.2. Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31st March 2025 were approved and authorised for issue by the Board of Directors on 27th August 2025.

2.3. Responsibility for Financial Statements

The board of directors are responsible for preparation and presentation of the financial statements of the Company and the Group as per the provision of Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

2.4. Reporting date

The financial statements of all companies in the group are prepared for a common financial year, which ended on 31st March 2025.

2.5. Basis of Measurement

The Consolidated Financial Statements have been prepared on historical cost basis except for the following material items in the Statement of Financial Position.

Item	Basis of Measurement	Note Number
Financial assets at Fair Value through Profit or Loss (FVTPL)	Measured at fair Value	16
Financial assets at Fair Value through Other Comprehensive Income (FVOCI)	Measured at fair Value	17
Defined Benefit Obligations	Measured at the present value of the defined benefit obligation	30

2.6. Functional and Presentation Currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency), which is the Sri Lankan Rupees.

The financial statements of the Group are presented in Sri Lankan Rupees (LKR) which is the functional currency of the Group entities other than for the companies listed below where the functional currency is either based on the country of incorporation of the respective Company or elements that could influence in determining its functional currency.

Company	Country of Incorporation	Functional Currency
CAL Investment Consultancy FZ LLC (Formerly CAL Investment Holdings Limited)	United Arab Emirates (UAE)	USD
CAL Bangladesh Limited	Bangladesh	BDT
CAL Securities Limited	Bangladesh	BDT
CAL Investments Limited	Bangladesh	BDT

Foreign currency transactions

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are affected.

Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

Foreign Operations

Subsidiaries incorporated outside Sri Lanka are treated as foreign operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the rate of exchange prevailing on the reporting date. Income and expenses of the foreign entities are translated at exchange rate approximating to the actual rate at the time of the transaction.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint 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. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest, in any other partial disposal of foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised in other comprehensive income in the foreign currency translation reserve.

2.7. Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Group

assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When available, the company measures the fair value of an instrument using quoted prices in an active market for that instrument. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- ➡ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ➡ Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ➡ Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair values are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.8. Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated financial statements is included in following notes.

Critical accounting assumptions and estimation uncertainties	Note
Useful lifetime of the property, plant and equipment	3.2.1.4
Impairment on non-financial assets	3.5.2
Measurement of defined benefit obligation: key actuarial assumptions	30.6
Impairment measurement of financial assets: determination of inputs into the ECL measurement model, including key assumptions and incorporation of forward-looking information	3.5.1
Measurement of Deferred tax assets/ liabilities	13.7

2.9. Comparative Information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in the Financial Statements 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.

NOTES TO THE FINANCIAL STATEMENTS

2.10. Materiality and Aggregation

Each material class of similar items is 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.

2.11. Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

2.12. Going Concern

The Group has prepared the financial statements for the year ended 31 March 2025 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31 March 2025, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis.

In management's view, the Group will have sufficient resources to continue for a future period. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Consolidated Financial Statements of the Group continued to be prepared on a going concern basis.

3. MATERIAL ACCOUNTING POLICIES

The Group and the Company has consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements.

3.1. BASIS OF CONSOLIDATION

The Group's financial statements comprise of the financial statements of the Company its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10) - Consolidated Financial Statements and share of profit and loss and net assets of equity accounted investees prepared in terms of Sri Lanka Accounting standard (LKAS 28) - Investments in Associates and Joint Ventures.

3.1.1. Business Combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain

on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3.1.2. Subsidiaries

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Adjustments required to the accounting policies of Subsidiaries have been changed wherever necessary to align them with the policies adopted by the Group. The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition, the Company continues to recognise the investment in the subsidiary at cost.

3.1.3. Non-Controlling Interest

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading “Non – controlling interest” in the Consolidated Income Statement. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading “Non – controlling interest” in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Adjustments to non-controlling interest arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3.1.4. Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint venture are accounted for using the equity method in the Consolidated financial statement. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

3.1.6. Intra-group Transactions

Transfer prices between Group entities are set on an arms-length basis in a manner similar to transactions with third parties.

3.1.7. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. 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. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. ASSETS AND THE BASE OF THEIR VALUATION

Assets classified as current assets in the Statement of Financial Position are cash and those which are expected to be realised in cash during the normal operating cycle of the Group's business or within one year from the date of the Statement of Financial Position

whichever is shorter. Assets other than current assets are those which the Group intends to hold beyond a period of one year from the reporting date.

3.2.1. Plant & Equipment

3.2.1.1. Recognition and Measurement

Items of Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of Plant & Equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use.

All items of property, plant and equipment are recognised initially at cost.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal of with the carrying amount of property, plant and equipment and are recognised net within other income in income statement.

3.2.1.2. Subsequent Costs

The cost of replacing part of an item of Plant & Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below. The costs of the day-to-day Plant & Equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

3.2.1.3. Derecognition

The carrying amount of an item of Plant & Equipment is derecognised on disposal, or when no future economic benefits are expected from its use. Gains or losses on derecognition are recognised in the Statement of Profit or Loss and other Comprehensive income and gains are not classified as revenue.

3.2.1.4. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost less its residual value. Depreciation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of Equipment.

The estimated useful lives are as follows:

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Furniture and Fittings	5 years	20%
Office Equipment	4 years	25%
Computer Equipment	3 - 4 years	25% - 33.33%
Motor Vehicle	2 - 5 years	20% - 50%
Communication Devices	1 - 4 year	25% - 100%

Items of Equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

3.2.2. Intangible Assets

An Intangible Assets is recognised if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

Separately acquired intangible assets are measured on initial recognition at cost.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

3.2.2.1. Computer Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Computer Software	4 years	25%

3.2.2.2. Goodwill

Goodwill arising on an acquisition represents the excess of the cost of acquisition over the fair value of net assets acquired. Goodwill is measured at cost less accumulated impairment losses.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets, the policy on measurement of goodwill is at initial recognition.

Negative goodwill arising on an acquisition represents the excess of the fair value of the net assets acquired over the cost of acquisition. Negative goodwill is recognised immediately in the Statement of Comprehensive Income.

3.2.3. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

3.2.3.1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- ⊕ fixed payments, including in-substance fixed payments;
- ⊕ variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- ⊕ amounts expected to be payable under a residual value guarantee; and
- ⊕ the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets and lease liabilities in 'lease liability' in the Statement of Financial Position.

Lease modifications

The Group shall account for a lease modification as a separate lease if both:

- a. the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b. the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group shall:

- a) allocate the consideration in the modified contract
- b) determine the lease term of the modified lease
- c) remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group shall account for the remeasurement of the lease liability by:

- a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- b) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

NOTES TO THE FINANCIAL STATEMENTS

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash in hand and deposits held in banks net of outstanding bank overdrafts.

Investments with short term maturities are also treated as cash and cash equivalents.

3.4. FINANCIAL INSTRUMENTS

3.4.1. Financial Assets

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. This includes purchases or sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this 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. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and 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 of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

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 a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.4.2. Financial Liability

Initial Recognition and Measurement

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

Classification and Subsequent Measurement of Financial Liabilities

The subsequent measurement of financial liabilities depends on their classification.

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.

The EIR amortisation is included in 'Interest expense' in the Statement of Profit or Loss and Other Comprehensive Income. Gains and losses too are recognised in the Statement of Profit or Loss and Other Comprehensive Income. When the liabilities are derecognised as well as through the EIR amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

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.

3.4.3. Derecognition

(a) Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(b) Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.4.4. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group

currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.5. IMPAIRMENT

3.5.1. Non-derivative Financial Assets

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured 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). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. 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 being more than 90 days past due;
- ➔ the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- ➔ it is 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.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

3.5.2. Non-financial assets

The carrying amount of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

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.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 or amortization, if no impairment loss had been recognised.

3.6. PROVISIONS

Provisions are recognised when the Group has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Group created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation, it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognised as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Non-current provisions are discounted if the impact is material.

3.7. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company and the Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group. The Company and the Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

3.8. RETIREMENT BENEFIT COSTS**(i) Defined Benefit Plan – Retirement Gratuity**

A defined Benefit Plan is a post-employment benefit plan other than a Defined Contribution Plan. The liability recognised in the Statement of Financial Position in respect of a Defined Benefit Plan is the present value of the defined benefit obligation at the Statement of Financial Position date. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method, as recommended by LKAS 19, "Employee Benefits".

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the Note 30 to the Financial

NOTES TO THE FINANCIAL STATEMENTS

Statements. This liability is not externally funded, and the item is grouped under Non- Current Liabilities in the Statement of Financial Position.

The qualifying remuneration of all permanent employees is considered in the calculation of the defined benefit obligation. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. Liabilities are computed on the basis of half a month's salary for each year of completed service. The Company's obligations under the said Act is determined based on an actuarial valuation using the projected unit credit method carried out by a professional actuary.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) Defined Contribution Plan – Employees' Provident Fund & Employee's Trust Fund

All employees who are eligible for Employees' Provident Fund Contribution and Employees' Trust Fund Contribution are covered by relevant contribution funds in line with respective Statutes and Regulations.

Contributions to Provident Fund and Trust Fund covering the employees are recognised as an expense in the Statement of Comprehensive Income.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Company and the Group is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company and the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(v) 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 rendered by the employee and the obligation can be measured reliably.

3.9. STATED CAPITAL

As per the Companies Act No. 07 of 2007, section 58 (1), stated capital in relation to a Group means the total of all amounts received by the Group or due and payable to the Group in respect of the issue of shares and in respect of call-in arrears.

3.10. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.10.1. Revenue

3.10.1.1. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and the associated costs incurred or to be incurred can be reliably measured. The Group recognises revenue when it transfers control over a service to a customer.

3.10.1.1.1. Interest Income

Interest income is recognised on an accrual basis.

3.10.1.1.2. Capital Gains

Income from capital gains on sale of government debt securities and other security dealings is recognised at the point of trading.

3.10.1.1.3. Fee Income

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Corporate Finance Fee Income	Corporate Finance fee is calculated based on the terms of the agreement.	Revenue is recognised point in time as the services are provided in accordance with the terms of the contract.
Management Fees	Management fee is calculated based on net Assets Under Management and is attributed to the services provided during the period.	Revenue is recognised over time as the services are provided in accordance with the terms of the asset management contract.

3.10.1.1.4. Dividend income

Dividend income is recognised when the Group's right to receive the dividend is established.

3.10.1.1.5. Brokering Commission

Brokering commission is recognised on an accrual basis.

3.10.1.1.6. Other Income

Other income is recognised on an accrual basis.

3.10.2. Expenditure Recognition

3.10.2.1. Operating Expenses

All expenses incurred in day-to-day operations of the business and in maintaining the plant and equipment in a state of efficiency has been charged to the Statement of Profit/ (Loss) and Other Comprehensive Income in arriving at the profit/(loss) for the year. Provision has also been made for impairment of financial assets, slow moving stocks, all known liabilities and depreciation on plant and equipment.

3.10.3. Taxation

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity, in which case is recognised in the statement of comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them

under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.10.3.1. Current Taxes

Current Income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax on Sri Lankan operation is based on the elements of income and expenditures reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

3.10.3.2. Deferred Taxation

Deferred taxation is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses / credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are

expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group statement of financial position and are not offset against each other.

3.10.3.3. Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

New information may become available that causes the Company and the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

3.10.4. Finance cost

Finance cost comprises interest expenses on borrowings. 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 rate method.

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3.11. RELATED PARTY TRANSACTIONS

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.12. STATEMENT OF CASH FLOWS

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of Statement of Cash Flows which has been prepared using the 'Indirect Method'.

3.13. EARNING PER SHARE

The Group presents Basic and Diluted Earnings Per Share (EPS) and for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.14. DIVIDEND ON ORDINARY SHARES

Dividend on Ordinary Shares are recognised as a liability and deducted from equity when they are approved by the Company's Directors and for the final dividend once the shareholders' approval is received.

3.15. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

Capital commitments and contingencies which exist as at the Statement of Financial Position date are disclosed in the respective notes to the Financial Statement.

3.16. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events favorable and unfavorable that occurs between the end of the reporting period and the date when the financial statements are authorized for issue.

The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards are effective for annual periods beginning on or after 1st January 2025 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these Financial Statements.

a. SLFRS 18 Presentation and disclosure in financial statement

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1st January 2027. The new standard introduces the following key new requirements.

- ➔ Entities are required to classify all income and expenses into five categories in the Statement of Profit or Loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- ➔ Management-defined performance measures (MPMs) are disclosed in a single note in the Financial Statements.
- ➔ Enhanced guidance is provided on how to group information in the Financial Statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the Statement of Cash

Flows when presenting operating cash flows under the indirect method.

b. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Financial Statements.

- ➔ Lack of Exchangeability (Amendments to LKAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of Financial Statements to understand the impact of a currency not being exchangeable. The amendments apply to annual reporting periods beginning on or after 1st January 2025.

- ➔ Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7).

c. General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)

In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 and SLFRS S2.

These standards will become effective for the Company from 1st January 2025. No financial impact is expected on the Company except for additional disclosures.

d. Annual improvements to SLFRS accounting standards – Amendments to:

- ➔ SLFRS 1 First-time Adoption of International Financial Reporting Standards;
- ➔ SLFRS 7 Financial Instruments: Disclosures and its accompanying guidance on implementing SLFRS 7;
- ➔ SLFRS 9 Financial Instruments;
- ➔ LKAS 7 Statement of Cash Flows.

5. INCOME

	GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Interest Income (Note 6)	9,336,579,641	10,741,758,453	4,020,806	76,988,878
Fee Based Income (Note 8)	2,533,527,037	2,291,380,619	41,480,340	3,913,143
Net Gains From Trading (Note 9.1)	6,655,474,412	19,060,617,107	74,441,379	19,512,068
Net Gain/(Loss) From Remeasurement of Financial Assets at FVTPL (Note 9.2)	(1,518,224,262)	882,129,474	12,342,492	9,021,051
Other Income (Note 11)	69,140,025	73,378,918	4,742,167,100	2,182,564,022
	17,076,496,853	33,049,264,571	4,874,452,117	2,291,999,162

6. INTEREST INCOME

	GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Financial Assets measured at FVTPL				
Interest on Treasury Bills	1,424,607,252	1,242,672,969	-	-
Interest on Treasury Bonds	7,244,067,752	9,180,310,714	-	-
	8,668,675,004	10,422,983,683	-	-
Financial Assets measured at Amortised Cost				
Interest on Securities Purchased under Resale Agreements	378,523,737	84,240,007	2,206,833	23,078,246
Interest on Related Party Loans	-	-	1,813,973	53,738,029
Interest on Deposits with Banks	23,742,047	26,763,410	-	-
Interest Income on Loans to Corporates	-	172,603	-	172,603
Interest income on credit extended to clients and early settlements	265,638,853	207,598,750	-	-
	667,904,637	318,774,770	4,020,806	76,988,878
	9,336,579,641	10,741,758,453	4,020,806	76,988,878

7. INTEREST EXPENSE

	GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Interest on Securities Sold Under Repurchase Agreements	5,607,711,500	6,469,811,101	-	-
Interest on Bank loans	247,460,252	81,217,173	28,688,296	36,012,440
Interest on Commercial Papers	71,916,495	183,798,867	-	130,729,936
Finance Cost- Lease	9,292,923	11,349,707	-	-
Interest on Bank Overdrafts	32,412,833	13,130,664	2,888,501	9,775,649
	5,968,794,003	6,759,307,512	31,576,797	176,518,025

NOTES TO THE FINANCIAL STATEMENTS

8. FEE BASED INCOME

	GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Placement Fee Income	194,160,542	171,435,452	4,363,050	750,000
Management Fee	1,387,361,816	1,496,135,062	-	-
Brokerage Fee	822,002,274	510,032,966	-	-
Consultancy & Advisory Fee	124,587,226	59,840,888	37,117,290	3,163,143
Other Fee Based Income	5,415,179	53,936,251	-	-
	2,533,527,037	2,291,380,619	41,480,340	3,913,143

9. GAINS AND LOSSES ARISE FROM FINANCIAL ASSETS

9.1 Net Gains From Trading

	GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Net Capital Gain on Treasury Bills	38,152,888	228,094,739	-	-
Net Capital Gain on Treasury Bonds	6,276,398,505	18,782,565,673	-	-
Net Capital Gain on Investment in Unit Trusts (Note 16.2.1)	246,393,574	58,943,785	63,138,307	19,248,200
Net Capital Gain/(Loss) on sale Investment in Shares (Note 16.3.1)	94,529,445	(8,987,090)	11,303,072	263,868
	6,655,474,412	19,060,617,107	74,441,379	19,512,068

9.2 Net Gain/ (Loss) From Remeasurement of Financial Assets at FVTPL

	GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Remeasurement Gain/ (Loss) on Government Securities	(1,681,296,768)	936,779,822	-	-
Remeasurement Gain/ (Loss) on Shares (Note 16.3)	119,924,032	(63,017,421)	(10,568,120)	3,700,795
Remeasurement Gain on Unit Trusts (Note 16.2.1)	43,148,474	8,367,073	22,910,612	5,320,256
	(1,518,224,262)	882,129,474	12,342,492	9,021,051

10. DIRECT EXPENSES

	GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Brokerage Commission	42,681,085	33,074,086	-	-
Other Direct Expenses	15,778,349	35,678,047	-	-
	58,459,434	68,752,133	-	-

11. OTHER INCOME

	GROUP		COMPANY	
FOR THE YEAR ENDED 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Dividend Income	42,982,748	21,296,934	4,758,579,236	2,181,988,248
Interest income - Staff Loans	948,624	1,861,932	744,623	1,790,189
Sundry Income	5,682,653	7,682,355	1,031,357	1,059,234
Disposal Gain on Sale of Joint Venture	-	47,434,000	-	47,434,000
Disposal Loss on Sale of Subsidiaries	-	-	(37,688,116)	(49,205,312)
Gain/ (Loss) on disposal of Property Plant and Equipment	19,526,000	(4,896,303)	19,500,000	(502,337)
	69,140,025	73,378,918	4,742,167,100	2,182,564,022

12. OPERATING PROFIT

	GROUP		COMPANY	
As stated after charging all expenses including the following:	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Directors' Fees	16,650,000	9,250,000	12,050,000	6,050,000
Auditor's Remuneration				
- Statutory Audit (KPMG)	7,136,000	5,054,500	1,154,000	1,029,375
- Statutory Audit (Other auditors)	1,986,364	2,774,471	-	-
- Non audit services	4,882,325	5,277,780	719,150	1,646,621
Consultancy Fee	7,934,336	21,349,865	406,588	3,653,864
Write off of Trade and Other Receivables	10,721,719	2,518,859	-	1,364,446
Provision for/ (Reversal of) Impairment on Trade Receivables	9,922,534	15,277,038	2,407,211	(467,296)
Written off of Related Party Balance	-	-	120,000,000	-
Donations	26,250,000	15,000,000	1,000,000	-
Reversal of Impairment of Investment in Subsidiaries	-	-	24,041,587	3,914,626
Depreciation and Amortisation include;				
Depreciation on Property, Plant, and Equipment	48,860,627	42,760,936	1,800,328	4,830,451
Amortizations of Intangible Assets	9,189,060	12,148,195	1,845,433	2,316,850
Depreciation of Right-of-use Asset	44,173,184	48,578,212	-	-
	102,222,871	103,487,344	3,645,761	7,147,301
Staff Cost includes;				
Salaries & Other benefits	1,895,011,574	3,478,281,180	56,488,541	46,205,628
Defined Benefit Plan - Gratuity (Note 30.2)	33,837,323	34,507,409	3,657,063	3,072,932
Defined Contribution Plans - EPF	69,493,307	53,221,949	5,355,840	3,389,831
- ETF	17,345,482	13,255,521	1,338,960	847,458
	2,015,687,686	3,579,266,059	66,840,404	53,515,849

12.1 Other Operating Expenses

The Group's Other Operating Expenses for the year ended 31st March 2025 include withholding tax (WHT) on dividends amounting to Rs. 965,089,989 (2024: Rs. 384,696,669).

NOTES TO THE FINANCIAL STATEMENTS

13. INCOME TAX EXPENSE/ (REVERSAL)

13.1 Income tax recognised in Profit or Loss

FOR THE YEAR ENDED 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Current Taxation (Note 13.4)	2,395,266,020	6,655,262,806	-	-
Income tax expenses recognised in respect of previous years	7,552,892	-	-	-
Over provision of income tax for the previous year	(499,019)	(17,719,009)	-	-
	2,402,319,893	6,637,543,797	-	-
Deferred Tax Expense				
Amount charged /(reversed) during the year - Profit and Loss (Note 13.7.2)	(3,704,514)	(14,623,055)	1,680,335	(864,576)
	(3,704,514)	(14,623,055)	1,680,335	(864,576)
Total Income Tax Recognised in the Statement of Profit or Loss	2,398,615,379	6,622,920,742	1,680,335	(864,576)

13.2 Amount recognised in the Statement of Other Comprehensive Income

FOR THE YEAR ENDED 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Actuarial gain/ (loss) arising from retirement benefit obligations	3,799,015	(21,246,305)	1,290,049	(3,462,159)
Deferred tax on actuarial (gains)/ Losses	(916,910)	6,051,625	(387,015)	1,038,648
	2,882,105	(15,194,680)	903,034	(2,423,511)

13.3 Income tax payable/ (receivable)

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Balance at the beginning of the year	4,992,449,148	894,753,052	(9,656,037)	(9,656,037)
Income tax provision for the year	2,395,266,020	6,655,262,806	-	-
Over provision of income tax for the previous year	(499,019)	(17,719,009)	-	-
Income tax payments made during the year	(5,211,939,658)	(2,534,075,531)	-	-
Withholding and other credits	(677,362)	(2,100,328)	-	-
Exchange difference	(10,285,841)	(3,671,842)	-	-
Balance at the end of the year	2,164,313,288	4,992,449,148	(9,656,037)	(9,656,037)

13.4 Reconciliation between accounting profit and taxable profit

FOR THE YEAR ENDED 31ST MARCH,	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Accounting profit before income tax expense	6,626,435,683	20,713,894,246	4,599,394,420	1,935,707,649
Consolidation adjustment	6,474,858,929	2,652,823,762	-	-
	13,101,294,612	23,366,718,008	4,599,394,420	1,935,707,649
Other sources of income & exempt income	(5,272,816,782)	(2,309,155,590)	(4,778,814,188)	(2,195,187,793)
Aggregate disallowable items	744,953,679	1,105,462,284	264,853,699	337,882,117
Aggregate allowable items	(50,978,451)	(64,923,017)	(3,487,026)	(9,403,722)
Adjustment on tax losses incurred during the year	57,102,976	20,883,872	-	-
Taxable income from business	8,579,556,034	22,118,985,557	81,946,905	68,998,251
Other sources of income	216,350,342	64,578,707	-	-
Total statutory income	8,795,906,376	22,183,564,264	81,946,905	68,998,251
Less : Tax losses set-off for the taxable profit	(126,578,616)	(86,095,336)	(81,946,905)	(68,998,251)
Taxable income for the year	8,669,327,760	22,097,468,928	-	-
Current tax at 27.5%	15,809,578	25,403,856	-	-
Current tax at 30%	2,370,210,884	6,621,223,105	-	-
Current tax at 37.5%	9,245,558	8,635,845	-	-
Current tax charged to Statement of Profit or Loss	2,395,266,020	6,655,262,806	-	-

13.5 Accumulated tax losses

FOR THE YEAR ENDED 31ST MARCH,	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	163,720,865	228,932,329	86,573,337	155,571,588
Losses incurred during the year	57,102,976	20,883,872	-	-
Tax losses expired due to amalgamation	(23,633,392)	-	-	-
Adjustment with respect of previous year	(2,264,817)	-	-	-
Losses utilised during the year	(126,578,616)	(86,095,336)	(81,946,905)	(68,998,251)
Balance at the end of the year	68,347,016	163,720,865	4,626,432	86,573,337

13.6 Applicable income tax rates as per the Department of Inland Revenue

The income tax provision of Capital Alliance Holdings Limited, its subsidiaries which are resident in Sri Lanka has been calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The Company is liable to pay income tax at a rate of 30% in accordance with the Inland Revenue Act No. 24 of 2017 and its subsequent amendments for the year ended 31st March 2025 (2024: 30%).

Sri Lankan operations

The business profits and income of Capital Alliance PLC, Capital Alliance Securities (Pvt) Ltd, Capital Alliance Partners Limited, Capital Alliance Investments Limited, Capital Alliance Holdings Limited, FipBox (Private) Ltd, Fixed Income Investment I (Private) Limited, Fixed Income Investment II (Private) Limited, Fixed Income Investment III (Private) Limited, Fixed Income Investment VI (Private) Limited, Fixed Income Investment V (Private) Limited, Fixed Income Investment VI (Private) Limited, Fixed Income Investment VII (Private) Limited and Fixed Income Investment VIII (Private) Limited arising from their primary operation activities and Other Income of Finnovation (Private) Limited are liable for income tax at standard rate of 30% for the year ended 31st March 2025 (2024: 30%).

NOTES TO THE FINANCIAL STATEMENTS

Overseas operations

As per the Tax regulations in the United Arab Emirates, Corporate taxation in Dubai is limited only to banks and oil companies and Other types of companies in Dubai ,which includes CAL Investment Consultancy FZ LLC, are not subject to the corporate tax.

CAL Bangladesh Limited , CAL Securities Limited and CAL Investments Limited are taxed at 27.5% and 37.5% during the financial year (2024: 27.5% and 37.5%).

Applicable Deferred Tax Rates

Deferred tax for the year has been computed based on the substantively enacted rates as of the reporting date. Accordingly, the enacted rates specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto have been used.

Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences associated with the Group for which a deferred tax (Liability)/ Asset has been recognised. Deferred tax has been computed using the applicable effective tax rates, which are 30% for Sri Lankan companies and 27.5% and 37.5% for entities operating in Bangladesh. For the year 2024, the Group applied tax rates of 27.5%, 30%, and 37.5%, as relevant to each entity.

13.7 DEFERRED TAX

	GROUP		COMPANY	
	2025	2024	2025	2024
AS AT 31ST MARCH,	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability (13.7.3.1)	-	(180,298)	-	-
Deferred Tax Assets (13.7.3.2)	47,467,193	45,622,443	2,708,355	4,775,705
Net Deferred Tax Assets	47,467,193	45,442,145	2,708,355	4,775,705

13.7.1 NET DEFERRED TAX ASSET MOVEMENT DURING THE YEAR

	GROUP		COMPANY	
	2025	2024	2025	2024
FOR THE YEAR ENDED 31ST MARCH,	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	45,442,145	24,854,215	4,775,705	2,872,481
Deferred tax recognised/ (reversed) during the year	2,787,604	20,674,680	(2,067,350)	1,903,224
Net effect of movement of exchange rates	(762,556)	(86,750)	-	-
Balance at the end of the year	47,467,193	45,442,145	2,708,355	4,775,705

13.7.2 Amount recognised/(reversed) during the year

	GROUP		COMPANY	
	2025	2024	2025	2024
FOR THE YEAR ENDED 31ST MARCH,	Rs.	Rs.	Rs.	Rs.
Amount recognised/ (reversed) during the year - Profit and Loss	(3,704,514)	(14,623,055)	1,680,335	(864,576)
Amount recognised/ (reversed) during the year - Other Comprehensive Income/ (Expense)	916,910	(6,051,625)	387,015	(1,038,648)
Total amount recognised/ (reversed) during the year	(2,787,604)	(20,674,680)	2,067,350	(1,903,224)

13.7.3 GROUP DEFERRED TAX ASSET/ (LIABILITY)

13.7.3.1 DEFERRED TAX LIABILITY

Group	2025		2024	
	Temporary difference Rs .	Tax Effect Rs .	Temporary difference Rs .	Tax Effect Rs .
On equipment	-	-	63,184	18,955
On intangible assets	-	-	23,012,093	6,903,628
On Right-of-use Assets	-	-	3,461,778	1,038,533
On lease creditor on right-of-use Assets	-	-	(4,209,736)	(1,262,921)
On provision for impairment of trade and other receivables	-	-	(686,387)	(205,916)
On retirement benefit obligation	-	-	(21,039,936)	(6,311,981)
	-	-	600,996	180,298

13.7.3.2 DEFERRED TAX ASSETS

Group	2025		2024	
	Temporary difference Rs .	Tax Effect Rs .	Temporary difference Rs .	Tax Effect Rs .
On equipment	(9,640,269)	(2,961,011)	(3,694,273)	(1,215,862)
On intangible assets	(26,021,623)	(7,806,487)	(1,701,460)	(1,487,966)
On right-of-use Asset	(60,155,936)	(19,369,312)	(14,787,205)	(7,182,535)
On lease creditor on right-of-use Asset	70,456,666	22,545,646	54,821,891	19,315,004
On retirement benefit obligation	171,840,395	49,316,806	148,402,712	28,211,107
On provision for impairment of trade and other receivables	19,138,502	5,741,552	23,536,386	7,060,916
On carry forward tax losses	-	-	3,072,595	921,779
	165,617,736	47,467,193	209,650,646	45,622,443

13.7.3.3 Unrecognised deferred tax assets

The Deferred Tax assets have been recognised in the Financial Statements to the extent of forecasted profit. Capital Alliance Partners Limited, and Capital Alliance Holdings Limited and Fixed Income Investment I (Pvt) Ltd have not recognised the deferred tax assets on following accumulated tax losses since it is not probable that future taxable profits will be available against which the Companies can utilise the benefit therefrom.

Group	2025		2024	
	Temporary difference Rs .	Tax Effect Rs .	Temporary difference Rs .	Tax Effect Rs .
Carried forward tax losses	68,347,016	20,504,105	163,720,865	49,116,259
	68,347,016	20,504,105	163,720,865	49,116,259

NOTES TO THE FINANCIAL STATEMENTS

13.7.4 COMPANY DEFERRED TAX ASSET

Company	2025		2024	
	Temporary difference Rs .	Tax Effect Rs .	Temporary difference Rs .	Tax Effect Rs .
On equipment	37,206	11,162	(49,290)	(14,787)
On intangible assets	(757,647)	(227,294)	(1,487,969)	(446,391)
On retirement benefit obligation	9,748,290	2,924,487	17,456,276	5,236,883
	9,027,849	2,708,355	15,919,017	4,775,705

14. BASIC EARNINGS PER SHARE

The Earnings Per Share is computed on the profit for the year attributable to equity holders of the Parent Company divided by the weighted average number of ordinary shares outstanding.

	GROUP		COMPANY	
AS AT 31ST MARCH 2025	2025	2024	2025	2024
Profit attributable to Equity Holders of the company	3,606,696,393	11,337,769,357	4,597,714,085	1,936,572,225
Weighted average number of Ordinary Shares - Before Share Split	127,636,623	109,045,753	127,636,623	109,045,753
Basic Earnings per share - (Rs.) - Before Share Split	28.26	103.97	36.02	17.76
Weighted average number of Ordinary Shares - After Share Split	1,914,549,345	1,635,686,298	1,914,549,345	1,635,686,298
Basic Earnings per share - (Rs.) - After Share Split	1.88	6.93*	2.40	1.18*

* The earnings per share of the Group and the Company for the year ended 31st March 2024 have been restated to reflect the share split.

14.1 Weighted Average Number of Ordinary Shares Movement

	COMPANY	
AS AT 31ST MARCH	2025	2024
Balance as at 01st April	127,636,623	98,258,063
Effect of Shares Issued During the year	-	10,787,690
Weighted average number of Ordinary Shares Balance as at 31st March	127,636,623	109,045,753

On 23rd December 2024, the shareholders of the Company passed an ordinary resolution approving a share split in the ratio of 15:1. Pursuant to this resolution, each one (1) existing share of the Company has been subdivided into fifteen (15) shares.

As at 31st March 2024, the total number of shares outstanding was 127,636,623. Following the approval of the share split in the ratio of 15:1 on 23rd December 2024, each existing share was subdivided into fifteen (15) shares. Consequently, the total number of shares outstanding as at 31st March 2025 increased to 1,914,549,345.

The earnings per share for the year ended 31st March 2024 have been adjusted to reflect the 15:1 share split. Consequently, the weighted average number of shares has been adjusted from 109,045,753 to 1,635,686,298 for the purpose of calculating the earnings per share.

The Company raised additional share capital of Rs. 2,309,566,625/- by issuing 29,378,560 number of Ordinary shares for the year ended 31st March 2024.

14.2 Diluted Earnings Per Share

There were no potentially dilutive ordinary shares outstanding at anytime during the year, hence diluted earnings per share is equal to the Basic Earnings Per Share.

15. CASH AND CASH EQUIVALENTS

15.1 Favorable Balance

AS AT 31ST MARCH	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Cash at Bank	561,139,886	1,136,650,019	5,629,523	11,399,645
Cash in Hand	50,644	240,341	-	-
	561,190,530	1,136,890,360	5,629,523	11,399,645

15.2 Unfavorable Balance

AS AT 31ST MARCH	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Bank Overdrafts	(402,067,475)	-	(57,392,533)	-
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	159,123,055	1,136,890,360	(51,763,010)	11,399,645

16. FINANCIAL ASSETS MEASURED AT FVTPL

AS AT 31ST MARCH	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Investment in Government Treasury Bills (Note 16.1)	26,913,638,682	5,658,036,806	-	-
Investment in Government Treasury Bonds (Note 16.1)	74,251,077,210	53,132,143,015	-	-
Investment in Unit Trust Funds (Note 16.2)	1,437,142,586	1,017,136,577	726,959,721	343,855,579
Investment in Shares (Note 16.3)	1,214,844,659	1,073,716,616	118,834,611	129,510,869
	103,816,703,137	60,881,033,014	845,794,332	473,366,448

16.1 Securities pledged as Collateral - Group

Capital Alliance PLC

The Government securities classified as Financial Assets measured at FVTPL, following amounts have been pledged as collateral for Repurchase Agreements entered into by Capital Alliance PLC (Subsidiary).

	Market Value (Rs.)		Face Value (Rs.)	
	2025	2024	2025	2024
Treasury Bills	23,354,501,437	1,791,594,247	24,874,701,272	1,834,600,000
Treasury Bonds	73,304,845,795	41,036,273,706	70,142,350,531	38,418,200,000
	96,659,347,232	42,827,867,953	95,017,051,803	40,252,800,000

NOTES TO THE FINANCIAL STATEMENTS

16.2 Investment in Unit Trust Funds

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Capital Alliance High Yield Fund	25,264,879	1,053,272	22,059,000	-
Capital Alliance Income Fund	99,014,010	45,058,475	54,903,724	-
Capital Alliance Investment Grade Fund	210,276,462	947,064,014	33,666	343,638,957
Capital Alliance Corporate Treasury Fund	529,281	7,609	-	-
Capital Alliance Gilt Money Market Fund	3,377,452	3,074,769	-	-
Capital Alliance Medium Risk Debt Fund	2,161,203	2,005,636	-	-
Capital Alliance Gilt Fund	2,597,747	2,250,659	-	-
CAL Fixed Income Opportunities Fund	1,061,637,560	960,303	649,687,718	-
Capital Alliance Balanced Fund	7,589	5,223	-	-
Capital Alliance Gilt Trading Fund	2,186,795	2,036,538	-	-
Capital Alliance Quantitative Equity Fund	30,089,608	13,620,079	275,613	216,622
	1,437,142,586	1,017,136,577	726,959,721	343,855,579

16.2.1 Reconciliation of Investments in Unit Trusts

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Fair value as at beginning of the year	1,017,136,577	184,349,669	343,855,579	166,622
Investment during the year	12,706,859,736	1,850,107,167	2,814,938,154	1,991,000,000
Redemption during the year	(12,576,395,775)	(1,084,631,117)	(2,517,882,931)	(1,671,879,499)
Disposal gain	246,393,574	58,943,785	63,138,307	19,248,200
Gain on remeasurement	43,148,474	8,367,073	22,910,612	5,320,256
Fair Value of Unit Trust as at end of the year	1,437,142,586	1,017,136,577	726,959,721	343,855,579

16.2.2 Investment in Unit Trust Funds

COMPANY	2025			2024		
	No. of Units	Fair Value (Rs.)	Cost (Rs.)	No. of Units	Fair Value (Rs.)	Cost (Rs.)
Capital Alliance Investment Grade Fund	925	33,666	33,268	10,459,514	343,638,957	338,368,700
Capital Alliance Quantitative Equity Fund	5,390	275,613	91,173	5,390	216,622	175,174
Capital Alliance High Yield Fund	529,566	22,059,000	21,733,824	-	-	-
Capital Alliance Income Fund	1,483,909	54,903,724	50,000,000	-	-	-
CAL Fixed Income Opportunities Fund	17,003,213	649,687,718	626,787,209	-	-	-
	19,023,003	726,959,721	698,645,474	10,464,904	343,855,579	338,543,874

GROUP	2025			2024		
	No. of Units	Fair Value (Rs.)	Cost (Rs.)	No. of Units	Fair Value (Rs.)	Cost (Rs.)
Capital Alliance Income Fund	2,676,098	99,014,010	92,769,628	1,353,579	45,058,475	45,000,000
Capital Alliance Investment Grade Fund	5,779,430	210,276,462	194,836,161	28,826,269	947,064,014	932,322,905
Capital Alliance Corporate Treasury Fund	20,672	529,281	517,463	321	7,609	7,466
Capital Alliance Quantitative Equity Fund	588,442	30,089,608	24,775,675	338,895	13,620,079	13,859,676
Capital Alliance High Yield Fund	606,529	25,264,879	24,850,850	27,819	1,053,272	1,050,734
Capital Alliance Gilt Money Market Fund	510,389	3,377,452	2,920,116	502,906	3,074,769	2,739,115
Capital Alliance Medium Risk Debt Fund	92,948	2,161,203	1,692,632	92,945	2,005,636	1,692,559
Capital Alliance Gilt Fund	196,255	2,597,747	2,112,447	183,058	2,250,659	1,711,102
CAL Fixed Income Opportunities Fund	27,784,502	1,061,637,560	1,031,996,990	28,108	960,303	931,232
Capital Alliance Balanced Fund	279	7,589	5,522	279	5,223	5,522
Capital Alliance Gilt Trading Fund	29,241	2,186,795	1,713,897	29,241	2,036,538	1,713,897
	38,284,785	1,437,142,586	1,378,191,381	31,383,420	1,017,136,577	1,001,034,208

16.3 Investment in Quoted Shares

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
AS AT 31ST MARCH				
Investment in Quoted Shares	1,214,844,659	1,073,716,616	118,834,611	129,510,869
	1,214,844,659	1,073,716,616	118,834,611	129,510,869

16.3.1 Reconciliation of Investments in Shares

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
AS AT 31ST MARCH				
Balance as at the beginning of the year	1,073,716,616	50,816,466	129,510,869	29,078,798
Investments during the year	1,991,723,124	1,504,539,026	211,053,761	248,663,971
Sales during the year	(2,052,568,673)	(409,155,737)	(222,464,971)	(152,196,563)
Disposal gain /(loss)	94,529,445	(8,987,090)	11,303,072	263,868
Appreciation/ (Provision) for Value of Investments	119,924,032	(63,017,421)	(10,568,120)	3,700,795
Net Effect of Movement of Exchange Rates	(4,259,775)	(3,592,963)	-	-
Balance as at the end of the year	1,214,844,659	1,073,716,616	118,834,611	129,510,869

NOTES TO THE FINANCIAL STATEMENTS

16.3.2 Quoted Share Investments

16.3.2.1 COMPANY

AS AT 31ST MARCH,	No. of Shares	2025 Cost Rs.	Market Value Rs.	No. of Shares	2024 Cost Rs.	Market Value Rs.
Jetwing Symphony PLC	2,649,054	22,199,519	30,464,121	2,649,054	22,199,519	23,841,486
Square Pharmaceuticals Ltd - Bangladesh	5,890	2,800,684	2,623,719	5,890	2,800,684	3,511,883
Ceylinco Insurance PLC	-	-	-	105,950	84,600,430	90,057,500
People's Leasing & Finance PLC	-	-	-	1,100,000	12,130,846	12,100,000
BPPL Holdings PLC	1,000,000	23,965,440	19,000,000	-	-	-
Central Finance Company PLC	150,000	32,964,421	29,137,500	-	-	-
Lanka IOC PLC	296,136	39,693,277	37,609,272	-	-	-
	4,101,080	121,623,341	118,834,612	3,860,894	121,731,479	129,510,869
(Add): Appreciation/ (provision) for Value of Investments		(2,788,730)			7,779,390	
		118,834,611			129,510,869	

16.3.2.2 Appreciation/ (provision) for Value of Investments

	COMPANY	
AS AT 31ST MARCH	2025 Rs.	2024 Rs.
Balance as at the beginning of the year	7,779,390	4,078,595
(Provision)/ Reversal for the year	(10,568,120)	3,700,795
Balance as at the end of the year	(2,788,730)	7,779,390

16.3.2.3 GROUP

AS AT 31ST MARCH,	No. of Shares	2025 Cost Rs.	Market Value Rs.	No. of Shares	2024 Cost Rs.	Market Value Rs.
Jetwing Symphony PLC	2,649,054	22,199,519	30,464,121	2,649,054	22,199,519	23,841,486
Square Pharmaceuticals Ltd- Bangladesh	105,890	3,041,004	2,865,111	105,890	9,964,408	10,602,267
Ceylinco Insurance PLC	-	-	-	105,950	84,600,430	90,057,500
People's Leasing & Finance PLC	5,360,201	82,157,812	95,947,598	1,100,000	12,130,846	12,100,000
BPPL Holdings PLC	1,000,000	23,965,440	19,000,000	-	-	-
Central Finance Company PLC	150,000	32,964,421	29,137,500	-	-	-
Lanka IOC PLC	966,136	120,802,450	122,699,272	-	-	-
Aitken Spence Hotel Holdings PLC	640,053	49,236,254	51,268,245	641,026	49,311,102	42,435,921
Commercial Bank PLC	73,029	7,600,882	10,771,777	71,684	7,479,025	7,003,527
Hatton National Bank PLC	-	-	-	901,356	162,711,458	162,244,080
Melstacorp PLC	-	-	-	1,785,714	155,135,862	157,142,832
Nations Trust Bank PLC	734,909	106,214,328	139,632,710	903,274	102,920,606	97,101,955

AS AT 31ST MARCH,	No. of Shares	2025 Cost Rs.	Market Value Rs.	No. of Shares	2024 Cost Rs.	Market Value Rs.
Seylan Bank PLC	-	-	-	982,318	52,335,646	46,168,946
Vallible One PLC	1,531,351	80,574,130	90,196,574	1,337,064	62,307,428	67,521,732
DFCC Bank PLC	-	-	-	569,656	50,979,161	43,293,856
Hayleys PLC	1,054,896	117,930,696	144,520,752	1,595,745	152,022,067	131,010,665
John Keells Hotels PLC	-	-	-	2,049,180	48,772,667	38,114,748
Aitken Spence PLC	754,755	104,793,763	96,419,951	310,686	46,008,944	40,466,850
Central Finance Company PLC	628,791	139,286,032	122,142,652	315,000	37,488,199	33,626,250
LOLC Holdings PLC	116,000	84,225,974	68,991,000	100,000	40,676,290	39,750,000
Ceylon Guardian Investment Trust PLC	129,863	20,868,681	19,901,505	-	-	-
Overseas Realty (Ceylon) PLC	2,700,463	64,555,412	64,000,973	-	-	-
Tokyo Cement Company (Lanka) PLC	600,000	33,236,557	47,400,000	-	-	-
British American Tobacco Bangladesh Limited	-	-	-	750	1,067,018	829,082
Unique Hotel & Resorts Limited	-	-	-	21,500	3,849,577	3,478,531
Ifad Autos Limited	-	-	-	14,614	1,843,704	1,328,242
Information Services Network Ltd	-	-	-	2,300	389,971	306,639
Maksons Spinning Mills PLC	-	-	-	20,000	822,840	662,499
Meghna Pet Industries Limited	-	-	-	2,000	223,813	210,795
Miracle Industries Limited	-	-	-	3,000	329,136	335,904
Union Capital Limited	-	-	-	35,000	1,273,709	900,670
Berger Paints Bangladesh Limited	-	-	-	300	1,629,224	1,468,120
BRAC Bank PLC	-	-	-	3,000	351,353	330,155
Capitec Grameen Bank Growth Fund	-	-	-	39,000	1,401,023	1,024,957
Grameenphone Limited	-	-	-	2,000	1,435,034	1,302,003
Intraco Refueling Station Limited	-	-	-	10,000	1,254,832	1,152,530
Midland Bank PLC	-	-	-	248,903	10,275,748	9,266,997
NRB Bank Limited	49,355	2,840,176	2,689,590	280,000	9,026,560	7,818,586
Premier Cement Mills PLC	-	-	-	230	37,650	38,723
SK Trims & Industries Limited	-	-	-	6,000	587,508	456,632
Bangladesh Thai Aluminium Limited	-	-	-	450	261,391	322,936
Investment Corporation of Bangladesh	10,000	3,661,115	3,421,829	-	-	-
Shanta Fixed Income Fund	1,857,872	50,360,860	48,268,540	-	-	-
IDLC Finance PLC	36,000	4,940,744	4,668,213	-	-	-
Nahee Aluminum Composite Panel PLC	3,000	459,457	436,746	-	-	-
NRB Bank PLC	-	-	-	-	-	-
	21,151,618	1,155,915,707	1,214,844,659	16,212,644	1,133,103,749	1,073,716,616
Add/(Less): Appreciation/ (Provision) for Value of Investments		58,928,952			(59,387,133)	
		1,214,844,659			1,073,716,616	

NOTES TO THE FINANCIAL STATEMENTS

16.3.2.4 Appreciation/ (Provision) for Value of Investments

	GROUP	
AS AT 31ST MARCH,	2025	2024
	Rs.	Rs.
Balance at the beginning of the year	(59,387,133)	4,958,828
Reversal/ (Provision) for the year	119,924,032	(63,017,421)
Net Effect of Movement of Exchange Rates	(1,607,947)	(1,328,540)
Balance at the end of the year	58,928,952	(59,387,133)

17. FINANCIAL ASSETS MEASURED AT FVOCI

	GROUP		COMPANY	
AS AT 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Investment in Unquoted Shares (Note 17.1)	-	-	-	-
Investments in Preference Shares (Note 17.4)	-	-	325,000,000	-
	-	-	325,000,000	-

17.1 INVESTMENT IN UNQUOTED SHARES

	GROUP		COMPANY	
AS AT 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Equity Investments Lanka Limited	-	-	-	7,402,021
Lanka Financial Services Bureau Limited	1,000,000	1,000,000	-	-
Lanka Rating Agency Limited	29,492,315	29,492,315	29,492,315	29,492,315
	30,492,315	30,492,315	29,492,315	36,894,336
Impairment provision for Investment in Unquoted Shares	(30,492,315)	(30,492,315)	(29,492,315)	(29,492,315)
Written off during the year	-	-	-	(7,402,021)
	-	-	-	-

17.2 Impairment Provision for Investment in Unquoted Shares

Investments in non quoted shares of Lanka Financial Services Bureau Limited and Lanka Rating Agency Limited are fully provided since the management is of the view that the amount is irrecoverable.

17.3 Equity Investments Lanka Limited

The Company has written off of the investment in Equity Investments Lanka Limited in 2024 as the management is of the view that this amount is irrecoverable.

17.4 Investments in Preference Shares

	GROUP		COMPANY	
AS AT 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Capital Alliance Securities (Private) Limited (each Rs. 10/=)	-	-	325,000,000	-
	-	-	325,000,000	-

Pursuant to the disposal of the Company's 40% equity stake (3,297,298 ordinary voting shares) in Capital Alliance Securities (Private) Limited to CAL Investment Consultancy FZ-LLC, a wholly-owned subsidiary of the Company, as approved on 27th September 2024 and formalised through the Share Sale and Purchase Agreement executed on 22nd January 2025, the Company has ceased to exercise direct control over Capital Alliance Securities (Private) Limited. Accordingly, the investment in 32,500,000 preference shares with a nominal value of Rs. 10 each, amounting to Rs. 325,000,000, has been reclassified from "Investment in Subsidiary" to "Financial Assets at Fair Value through Other Comprehensive Income" in the financial statements for the year ended 31st March 2025.

18. FINANCIAL ASSETS MEASURED AT AMORTISED COST

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Securities Purchased Under Resale Agreements (Note 18.1)	3,003,008,990	1,015,901,339	2,535,206,833	-
Investment in Commercial Papers (Note 18.2)	-	-	-	-
Term Deposits	403,277,260	142,087,155	-	-
	3,406,286,250	1,157,988,494	2,535,206,833	-

18.1 Securities Purchased Under Resale Agreements Movement

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	1,015,901,339	372,829,607	-	-
Net purchases during the year	1,608,583,914	558,831,725	2,533,000,000	-
Interest Income during the year	378,523,737	84,240,007	2,206,833	-
Balance as at 31st March	3,003,008,990	1,015,901,339	2,535,206,833	-

18.1.1 Fair value of the Securities Pledged for the Securities Purchased under Resale Agreements - Group Capital Alliance PLC (Subsidiary)

	Market Value (Rs.)		Face Value (Rs.)	
	2025	2024	2025	2024
Treasury Bonds	3,347,171,046	1,117,139,407	3,076,800,000	1,038,400,000
	3,347,171,046	1,117,139,407	3,076,800,000	1,038,400,000

Capital Alliance PLC follows the guidelines stipulated in the direction on repurchase and reverse repurchase transactions of dealer direct participants in scripless treasury bonds and scripless treasury bills, issued by the central bank of Sri Lanka, in receiving securities for reverse repurchase agreements (Direction No. 01 of 2019, dated 20 December 2019). Only the eligible securities are used for such receipts and the section 4.3, 4.4 and 4.5 are complied with when considering the haircut requirements.

The Company is entitled to repledge the securities received as collateral for the Resale Agreements (Reverse Repo) and the entity has an obligation to return such securities at deal maturity. In relation to any repurchase transaction, at anytime between the purchase date and repurchase date the dealer can Substitute other Eligible Securities for any purchased securities. However, the purchased securities shall not be traded at any time between the Purchase Date and the Repurchase Date. Accordingly, the Company has repledged market value of treasury bonds amounting to Rs. 1,606,594,051 as at 31 March 2025. (As at 31st March 2024 - Nil).

An effective internal control system is used to verify the accuracy of security allocation to each reverse repurchase transaction.

In accordance with the guidelines of the Central Bank of Sri Lanka, the Company ensures that the discounted market values of eligible securities are sufficiently covered by their resale values, both at the inception of the transactions and throughout their duration.

NOTES TO THE FINANCIAL STATEMENTS

Remaining Term to Maturity of the Eligible Security Minimum Haircut (%)	Minimum Haircut (%)	
	2025	2024
Up to 1 year	4	4
More than 1 year and up to 3 years	6	6
More than 3 year and up to 5 years	8	8
More than 5 year and up to 8 years	10	10
More than 8 years	12	12

18.2 Investment in Commercial Papers

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Commercial Papers	114,395,855	-	-	-
Less: Provision for impairment	(114,395,855)	-	-	-
	-	-	-	-

Following the amalgamation, the investment in commercial papers and provision for impairment in Fixed Income Investment III (Pvt) Ltd and Fixed Income Investment V (Pvt) Ltd amounting to Rs. 49,358,573 have been recognised in the Fixed Income Investment II (Pvt) Ltd.

During the financial year ended 31st March 2025, the, Group's subsidiaries namely Fixed Income Investment I (Pvt) Ltd, Fixed Income Investment II (Pvt) Ltd, Fixed Income Investment III (Pvt) Ltd, and Fixed Income Investment V (Pvt) Ltd have invested in commercial papers with carrying values of Rs. 43,000,000, Rs. 22,037,282, Rs. 33,019,026, and Rs. 16,339,547 respectively.

Based on a review of the available financial information related to the issuers of the aforementioned commercial papers, the management has assessed that there is a significant doubt regarding the recoverability of these instruments and considered the investment in commercial papers under stage 3 as per the SLFRS 9 – Financial Instruments. Accordingly, management has concluded that the commercial papers are not recoverable and has decided to recognise a full impairment of these investments in the financial statements for the year ended 31st March 2025.

19. TRADE AND OTHER RECEIVABLES

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Receivables	3,291,380,324	2,550,847,370	26,721,473	251,118
Other Receivables	34,510,627	86,168,555	5,025,903	5,539,057
Less: Provision for impairment of trade receivables (Note 19.1)	(34,945,384)	(31,661,743)	(2,407,211)	-
	3,290,945,567	2,605,354,182	29,340,165	5,790,175
Short Term Loans (Note 19.2)	39,024,885	55,410,426	4,638,691	13,539,987
Deposits	120,501,340	139,303,465	6,388,500	6,388,500
Deposit for CSE requirement	16,000,000	44,150,911	-	-
Advances	9,711,565	72,167,169	4,270,842	12,194,413
VAT Receivable	4,763,808	4,484,709	-	-
Withholding Tax Receivable	430,667	18,451,967	100	17,639,862
Inventory	-	411,830	-	-
Reimbursable Expenses	15,093,800	14,227,170	15,041,167	14,224,318
Prepayments	32,727,119	21,902,496	1,241,016	6,316,157
	3,529,198,751	2,975,864,325	60,920,481	76,093,412

19.1 Provision for impairment of trade and other receivables

	GROUP		COMPANY	
	2025	2024	2025	2024
AS AT 31ST MARCH,	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	31,661,743	18,903,564	-	1,831,742
Written-off during the year	(10,721,719)	(2,518,859)	-	(1,364,446)
Provision during the year	9,922,534	15,277,038	2,407,211	(467,296)
Net effect of movement of exchange rates	4,082,826	-	-	-
Balance as at end of the year	34,945,384	31,661,743	2,407,211	-

19.2 Short term loan includes the following loans given by the Group/ Company

	GROUP		COMPANY	
	2025	2024	2025	2024
AS AT 31ST MARCH,	Rs.	Rs.	Rs.	Rs.
Staff Loans	39,024,885	55,410,426	4,638,691	13,539,987
	39,024,885	55,410,426	4,638,691	13,539,987

20 RELATED PARTY TRANSACTIONS

20.1 AMOUNTS DUE FROM RELATED ENTITIES

	GROUP		COMPANY	
	2025	2024	2025	2024
AS AT 31ST MARCH,	Rs.	Rs.	Rs.	Rs.
Capital Alliance PLC	-	-	4,685,733	3,421,915
Capital Alliance Investments Limited	-	-	13,528,950	2,376,760
Capital Alliance Partners Limited	-	-	855,008	99,100,813
Capital Alliance Securities (Pvt) Limited	-	-	6,346,655	-
CAL Bangladesh Limited, Bangladesh	-	-	2,850,530	1,953,463
CAL Securities Limited, Bangladesh	-	-	22,936,050	18,910,870
CAL Investments Limited, Bangladesh	-	-	23,040,015	18,969,870
CAL Investment Consultancy FZ- LLC, UAE	-	-	292,700	-
	-	-	74,535,641	144,733,691

NOTES TO THE FINANCIAL STATEMENTS

21. INVESTMENT IN SUBSIDIARIES

Company	2025			2024		
	Market Value (Rs.)	No. of Shares	Holding %	Market Value (Rs.)	No. of Shares	Holding %
Investments in Ordinary Shares						
Capital Alliance PLC	15,524,683,930	283,297,152	86.00%	15,014,749,056	283,297,152	86.00%
Finnovation (Private) Limited	-	6,000,000	100%	-	6,000,000	100%
FipBox (Private) Limited	-	2,000,001	100%	-	2,000,001	100%
CAL Investment Consultancy FZ-LLC, UAE	-	3,629	100%	-	3,629	100%
Capital Alliance Securities (Private) Limited (Note 21.1)	-	-	-	-	527,568	40%
Fixed Income Investment I (Pvt) Ltd	-	1	100%	-	1	100%
Fixed Income Investment II (Pvt) Ltd (Note 21.2)	-	1	100%	-	1	100%
Fixed Income Investment III (Pvt) Ltd	-	-	-	-	1	100%
Fixed Income Investment V (Pvt) Ltd	-	-	-	-	1	100%
Investments in Preference Shares						
Capital Alliance Securities (Private) Limited	-	-	-	-	32,500,000	100%
				1,897,304,850		2,293,328,669
Provision for Impairment of Subsidiary						
Finnovation (Private) Limited	-			-		(24,041,587)
				1,897,304,850		2,269,287,082

21.1 Disposal of Investment in Capital Alliance Securities (Private) Limited

On 27th September 2024, the Board of Directors of Capital Alliance Holdings Limited (“the Company”), by way of a circular resolution, approved the transfer of 3,297,298 fully paid Ordinary Voting Shares held in Capital Alliance Securities (Private) Limited, representing 40% of its issued share capital, to CAL Investment Consultancy FZ-LLC, a wholly-owned subsidiary based in the UAE.

This transfer was undertaken at a consideration of Rs. 33,335,683, based on the Net Asset Value of Capital Alliance Securities (Private) Limited as at 31st March 2024, which was determined at Rs. 10.11 per share. The Securities and Exchange Commission of Sri Lanka granted its approval for the change in shareholding on 8th January 2025.

Subsequently, a Share Sale and Purchase Agreement was executed on 22nd January 2025 between Capital Alliance Holdings Limited and CAL Investment Consultancy FZ-LLC, formalising the transaction.

As a result of this transaction, Capital Alliance Holdings Limited has fully divested its 40% stake in Capital Alliance Securities (Private) Limited. The original cost of the investment amounted to Rs. 71,023,799, and accordingly, the Company has recognised a loss of Rs. 37,688,116 arising from the disposal.

21.2 Amalgamation of Fixed Income Investment III to VIII (Pvt) Ltd into Fixed Income Investment II (Pvt) Ltd

The Board of Directors of Fixed Income Investment III (Pvt) Ltd, Fixed Income Investment IV (Pvt) Ltd, Fixed Income Investment V (Pvt) Ltd, Fixed Income Investment VI (Pvt) Ltd, Fixed Income Investment VII (Pvt) Ltd and Fixed Income Investment VIII (Pvt) Ltd (hereinafter the “Amalgamating Entities”) and Fixed Income Investment II (Pvt) Ltd have resolved to amalgamate. The effective date of the amalgamation is 14th January 2025. The amalgamation was carried out among wholly owned subsidiaries of the Group and, accordingly, had no impact on the consolidated financial position, performance, or cash flows. From the effective date, the operations of the Amalgamating Entities have been fully absorbed into Fixed Income Investment II (Pvt) Ltd for consolidation purposes.

21.3 Provision for Impairment of Subsidiary

AS AT 31ST MARCH	COMPANY	
	2025	2024
	Rs.	Rs.
Balance as at the beginning of the year	24,041,587	27,956,213
Reversal of Impairment of Investment in Subsidiaries	(24,041,587)	(3,914,626)
Balance as at end of the year	-	24,041,587

Indirect Holdings

AS AT 31ST MARCH	2025	2024
	Holding %	Holding %
Capital Alliance Investments Limited	94.76%	94.76%
Capital Alliance Securities (Private) Limited	100.00%	60.00%
CAL Securities Limited, Bangladesh	63.24%	62.80%
CAL Bangladesh Limited, Bangladesh	99.90%	99.90%
CAL Investments Limited, Bangladesh	51.00%	51.00%
Capital Alliance Partners Limited	100.00%	100.00%
Capital Alliance Advisory Services (Private) Limited	100.00%	-

NOTES TO THE FINANCIAL STATEMENTS

21.4 NON-CONTROLLING INTERESTS (NCI) IN SUBSIDIARIES

Material Non Controlling Interest

The group has assessed each subsidiary that has non-controlling interest based on contributions made to the group revenue, profits, total assets, net assets and cashflows. As per SLFRS 12, following table summarises the information relating to subsidiaries which have material non-controlling interests.

	CAL Investments Limited, Bangladesh		Capital Alliance PLC		CAL Securities Limited, Bangladesh	
	2025	2024	2025	2024	2025	2024
NCI percentage	49%	49%	14%	14%	36.76%	37.2%
Total assets	739,159,340	852,784,084	105,356,533,738	61,258,227,617	985,574,103	805,279,735
Total liabilities	98,852,785	132,762,152	90,960,391,914	44,861,340,510	466,344,568	134,114,022
Net assets	640,306,555	720,021,932	14,396,141,824	16,396,887,107	519,229,535	671,165,713
Net assets attributable to NCI	313,750,212	352,810,747	2,015,459,855	2,295,564,195	190,884,094	249,673,645
For the year ended 31 March						
Total Operating Income	184,519,733	155,319,667	7,557,680,967	23,728,646,608	120,677,601	69,639,237
Profit/ (loss) after tax	1,397,135	(12,192,364)	4,420,593,984	13,893,183,492	(80,847,734)	(138,864,306)
Other comprehensive income/ (expense)	-	-	2,309,471	(8,387,173)	-	-
Total comprehensive income/ (expense)	1,397,135	(12,192,364)	4,422,903,455	13,884,796,319	(80,847,734)	(138,864,306)
Profit/ (loss) attributable to NCI	684,596	(5,974,258)	618,883,158	2,773,724,589	(29,722,012)	(51,657,522)
Total comprehensive income/ (loss) attributable to NCI	684,596	(5,974,258)	619,206,484	2,771,997,670	(29,722,012)	(51,657,522)
Dividend paid to NCI	-	-	899,354,274	482,895,392	-	-
Net cash flows generated from/ (used in) operating activities	(3,835,225)	(248,942,465)	6,118,097,614	3,369,442,574	(646,361,070)	(180,933,806)
Net cash flows generated from/ (used in) in investing activities	(34,120,350)	368,737,428	(7,471,254)	(62,673,726)	261,773,147	(343,191,869)
Net cash flows generated from/ (used in) in financing activities	(14,334,190)	(7,691,479)	(6,427,428,757)	(2,982,722,842)	337,482,444	579,367,285
Net increase/ (decrease) in cash and cash equivalents	(52,289,765)	112,103,484	(316,802,397)	324,046,006	(47,105,479)	55,241,610

22. INVESTMENT IN JOINT VENTURE

22.1 Divestment of Interest in Joint Venture

On 6th March 2024, the Board of Directors of Capital Alliance Holdings Limited resolved to divest its entire shareholding in Tempest PE Partners (Private) Limited, a Joint Venture Company with 50% investment. Pursuant to this resolution, the Company sold its holding of 6,000,000 shares in Tempest PE Partners (Private) Limited for a total consideration of LKR 107,434,000, reflecting a price of Rs. 17.91 per share.

22.2 Value of the investment

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Balance as at beginning of the year	-	86,361,754	-	-
Current years share of comprehensive income				
Included in Profit or loss	-	21,070,301	-	-
Included in other comprehensive income/ (Expense)	-	(314,812)	-	-
	-	20,755,490	-	-
Carrying amount of the interest in Joint Venture	-	107,117,244	-	-
Less: Sold during the year	-	(107,117,244)	-	-
Investment in equity accounted investee	-	-	-	-

AS AT 31ST MARCH,	GROUP	
	2025	2024
	Rs.	Rs.
Financial performance of equity accounted investee		
Revenue	-	37,434,758
Profit for the year, net of tax	-	42,140,603
Other comprehensive expense	-	(629,623)
Total Comprehensive income	-	41,510,980
Company's share of profit for the year (50%)	-	21,070,301
Company's share of other comprehensive expense (50%)	-	(314,812)
Company's share of total comprehensive income (50%)	-	20,755,490

23. INTANGIBLE ASSETS

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
License Fees (Note 23.1)	48,872,111	48,220,065	-	-
Software (Note 23.2)	40,534,464	30,239,155	2,060,064	3,787,829
Goodwill (Note 23.4)	71,249,394	71,249,394	-	-
Total Carrying Value	160,655,969	149,708,614	2,060,064	3,787,829

NOTES TO THE FINANCIAL STATEMENTS

23.1 License Fees

	GROUP	
AS AT 31ST MARCH,	2025	2024
	Rs.	Rs.
Cost		
At the beginning of the year	52,883,837	52,883,837
Additions During the year	1,258,438	-
Balance as at 31st March	54,142,275	52,883,837
Accumulated Amortisation		
At the beginning of the year	7,906,250	7,906,250
Balance as at 31st March	7,906,250	7,906,250
Net effect of movement of exchange rates	2,636,086	3,242,478
Net Carrying Value	48,872,111	48,220,065

23.2 Computer Software

	GROUP		COMPANY	
AS AT 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Cost				
Balance as at 1st April	180,160,941	189,175,708	13,232,991	29,025,643
Additions during the year	23,588,104	14,833,280	117,668	1,386,283
Write off during the year	-	(23,848,047)	-	(17,178,935)
Balance as at 31st March	203,749,045	180,160,941	13,350,659	13,232,991
Accumulated Amortisation				
Balance as at 1st April	154,793,386	161,596,935	9,445,162	23,804,910
Amortised during the year	9,189,060	12,148,195	1,845,433	2,316,850
Write off during the year	-	(18,951,744)	-	(16,676,598)
Balance as at 31st March	163,982,446	154,793,386	11,290,595	9,445,162
Net effect of movement of exchange rates	767,865	4,871,600	-	-
Net Carrying Value	40,534,464	30,239,155	2,060,064	3,787,829

23.3 Fully Depreciated Assets

The initial cost of fully-depreciated Intangible Assets as at 31st March which are still in use as follows

	GROUP		COMPANY	
AS AT 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Computer Software	134,153,646	130,410,647	8,890,214	5,789,064
	134,153,646	130,410,647	8,890,214	5,789,064

23.4 Goodwill

	GROUP	
AS AT 31ST MARCH,	2025	2024
	Rs.	Rs.
CAL Investments Limited, Bangladesh	71,249,394	71,249,394
	71,249,394	71,249,394

Goodwill is arisen in respect of acquisition of 51% of equity in CAL Investments Limited, Bangladesh during the year 2022/2023.

24. RIGHT - OF - USE ASSETS

AS AT 31ST MARCH	GROUP	
	2025	2024
	Rs.	Rs.
Cost		
Balance as at 01st April	264,869,810	238,996,081
Derecognised during the year	(112,848,870)	-
Additions during the year	65,272,641	25,873,729
Balance as at 31st March	217,293,581	264,869,810
Accumulated Depreciation		
Balance as at 01st April	149,200,217	100,622,005
Depreciation for the year	44,173,184	48,578,212
De-recognised during the Year	(107,362,485)	-
Balance as at 31st March	86,010,916	149,200,217
Net Effect of Movement of Exchange Rates	(21,682,419)	(12,868,272)
Carrying Amount Value as at 31st March	109,600,246	102,801,321

24.1 Details of the Lease Agreements

Right of Use Asset Category	Premise	Lease Term	No Sq.Feet
Buildings	The Second (02nd) Floor designated as Level Five (05), of "Millennium House" situated at No. 46/58, Nawam Mawatha, Colombo 02	2021-2024	7,900
Buildings	The Second (02nd) Floor designated as Level Five (05), of "Millennium House" situated at No. 46/58, Nawam Mawatha, Colombo 02	2025-2027 (Renewed)	7,900
Buildings	Navana FS Cosmo, Floor No.5th, Plot No.4/B, Road No. 94,Gulshan, Dhaka-1212, Bangladesh	2021-2026	2,868
Buildings	House # 16,Apartment# 2B,Road 1, Baridhara Diplomatic Area, Dhaka-1212, Bangladesh	2023-2029	Residential Building

25. PROPERTY, PLANT, AND EQUIPMENT

25.1 GROUP

	Computer Equipment Rs.	Office Equipment Rs.	Furniture and Fittings Rs.	Motor Vehicles Rs.	Communication Devices Rs.	Total Rs.
Cost						
Balance as at 01st April 2023	92,147,532	42,761,645	64,581,770	17,080,776	1,758,753	218,330,476
Additions during the year	20,201,048	16,284,479	12,364,207	54,000,000	401,100	103,250,834
Disposals/ write-off during year	-	(434,317)	(61,272)	-	-	(495,589)
Balance as at 31st March 2024	112,348,580	58,611,807	76,884,705	71,080,776	2,159,853	321,085,721
Balance as at 01st April 2024	112,348,580	58,611,807	76,884,705	71,080,776	2,159,853	321,085,721
Additions during the year	16,722,357	1,725,294	35,526,584	-	600,300	54,574,535
Disposals/ write-off during year	(1,555,798)	-	-	(15,253,740)	-	(16,809,538)
Balance as at 31st March 2025	127,515,139	60,337,101	112,411,289	55,827,036	2,760,153	358,850,718

NOTES TO THE FINANCIAL STATEMENTS

	Computer Equipment Rs.	Office Equipment Rs.	Furniture and Fittings Rs.	Motor Vehicles Rs.	Communication Devices Rs.	Total Rs.
Accumulated Depreciation						
Balance as at 01st April 2023	48,225,574	21,838,645	38,862,571	17,080,776	1,541,246	127,548,812
Depreciation during the year	20,032,581	4,035,109	10,061,388	8,100,000	531,858	42,760,936
Disposals/ write-off during year	-	(434,317)	(61,272)	-	-	(495,589)
Balance as at 31st March 2024	68,258,155	25,439,437	48,862,687	25,180,776	2,073,104	169,814,159
Balance as at 01st April 2024	68,258,155	25,439,437	48,862,687	25,180,776	2,073,104	169,814,159
Depreciation during the year	21,311,368	6,054,943	10,299,981	10,800,000	394,335	48,860,627
Disposals/ write-off during year	(1,555,798)	-	-	(15,253,740)	-	(16,809,538)
Balance as at 31st March 2025	88,013,725	31,494,380	59,162,668	20,727,036	2,467,439	201,865,248
Exchange Difference as at 31st March 2024	(3,363,379)	(4,190,445)	(2,871,902)	-	-	(10,425,726)
Exchange Difference as at 31st March 2025	(5,714,210)	(6,792,108)	(4,257,829)	-	-	(16,764,147)
Carrying value as at 31st March 2024	40,727,046	28,981,925	25,150,116	45,900,000	86,749	140,845,836
Carrying value as at 31st March 2025	33,787,204	22,050,613	48,990,792	35,100,000	292,714	140,221,323

25.2 COMPANY

	Computer Equipment Rs.	Office Equipment Rs.	Furniture & Fittings Rs.	Motor Vehicles Rs.	Communication Devices Rs.	Total Rs.
Cost						
Balance as at 01st April 2023	6,506,721	8,907,518	27,189,868	16,209,926	49,126	58,863,159
Additions during the year	358,000	-	-	-	-	358,000
Balance as at 31st March 2024	6,864,721	8,907,518	27,189,868	16,209,926	49,126	59,221,159
Balance as at 01st April 2024	6,864,721	8,907,518	27,189,868	16,209,926	49,126	59,221,159
Disposals during the year	(1,320,798)	-	-	(15,253,740)	-	(16,574,538)
Balance as at 31st March 2025	5,543,923	8,907,518	27,189,868	956,186	49,126	42,646,621
Accumulated Depreciation						
Balance as at 01st April 2023	6,284,637	8,612,646	21,247,364	16,209,926	49,126	52,403,699
Depreciation during the year	279,267	254,380	4,296,804	-	-	4,830,451
Balance as at 31st March 2024	6,563,904	8,867,026	25,544,168	16,209,926	49,126	57,234,150
Balance as at 01st April 2024	6,563,904	8,867,026	25,544,168	16,209,926	49,126	57,234,150
Depreciation during the year	121,817	40,492	1,638,019	-	-	1,800,328
Disposals during the year	(1,320,798)	-	-	(15,253,740)	-	(16,574,538)
Balance as at 31st March 2025	5,364,923	8,907,518	27,182,187	956,186	49,126	42,459,940
Carrying value as at 31st March 2024	300,817	40,492	1,645,700	-	-	1,987,009
Carrying value as at 31st March 2025	179,000	-	7,681	-	-	186,681

25.3 Capitalisation of Borrowing Cost

There were no capitalised borrowing cost related to the acquisition of Equipment during the year (2024 - Nil)

25.4 Title Restriction on Property, Plant and Equipment

There are no restrictions that existed on the title of the Equipment of the Group and the Company as at the reporting date.

25.5 Property, Plant and Equipment pledged as Security for Liabilities

There were no items of Equipment pledged as security as at 31st March 2025.

25.6 Temporarily Idle Property, Plant and Equipment

There were no temporary idle items of Equipment as at 31st March 2025.

25.7 Fully depreciated Property, Plant and Equipment in use

The initial cost of fully-depreciated equipment as at 31st March which are still in use as follows,

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Computer Equipment	34,653,914	30,682,852	5,185,923	5,963,186
Office Equipment	20,228,267	19,038,326	8,907,518	8,745,906
Furniture & Fittings	35,676,513	16,359,322	27,151,468	9,906,412
Communication Devices	1,701,153	1,701,153	49,126	49,126
Motor Vehicles	1,827,036	17,080,776	956,186	16,209,926
	94,086,883	84,862,429	42,250,221	40,874,556

26. FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Securities Sold Under Repurchase Agreements (Note 26.1)	81,875,927,290	37,220,565,180	-	-
Short-Term Loans (Note 26.2)	3,888,731,715	478,234,603	125,315,308	-
Commercial Papers (26.3)	217,927,269	215,425,604	-	-
	85,982,586,274	37,914,225,387	125,315,308	-

26.1 Securities Pledged as Collateral under Securities Sold under Repurchase Agreements - Group Capital Alliance PLC (Subsidiary)

AS AT 31ST MARCH,	Market Value (Rs.)		Face Value (Rs.)	
	2025	2024	2025	2024
Treasury Bills	23,354,501,437	1,791,594,247	24,874,701,272	1,834,600,000
Treasury Bonds	73,304,845,795	41,036,273,706	70,142,350,531	38,418,200,000
	96,659,347,232	42,827,867,953	95,017,051,803	40,252,800,000

Capital Alliance PLC follows the guidelines stipulated in the Direction on Repurchase and Reverse Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills, issued by the Central Bank of Sri Lanka, in allocating securities for repurchase agreements (Direction No. 01 of 2019 dated 20 December 2019). Only the eligible securities are used for such allocations and the Section 4.3, 4.4 and 4.5 are complied with when considering the haircut requirements.

An effective internal control system is used to verify the accuracy of security allocation to each Repurchase and reverse repurchase transaction.

In accordance with the guidelines of the Central Bank of Sri Lanka, Capital Alliance PLC ensures that the discounted market values of eligible securities are sufficiently covered by their repurchase values, at the inception of the transactions and throughout their duration.

NOTES TO THE FINANCIAL STATEMENTS

Remaining Term to Maturity of the Eligible Security Minimum Haircut (%)

	Minimum Haircut (%)	
	2025	2024
Up to 1 year	4	4
More than 1 year and up to 3 years	6	6
More than 3 year and up to 5 years	8	8
More than 5 year and up to 8 years	10	10
More than 8 years	12	12

26.2 Term Loan Movement

	GROUP		COMPANY	
	2025	2024	2025	2024
AS AT 31ST MARCH,	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	478,234,603	335,000,000	-	125,000,000
Loans obtained during the year	11,659,000,000	4,339,000,000	1,700,000,000	1,875,000,000
Loan repayment during the Year	(8,262,234,603)	(4,199,000,000)	(1,575,000,000)	(2,000,000,000)
Interest payables	13,731,715	3,234,603	315,308	-
Balance as at the end of the year	3,888,731,715	478,234,603	125,315,308	-

26.2.1 Short -Term Loans

	GROUP		COMPANY	
	2025	2024	2025	2024
AS AT 31ST MARCH,	Rs.	Rs.	Rs.	Rs.
Bank Loans				
Union Bank of Colombo PLC	729,548,906	328,234,603	125,315,308	-
Nations Trust Bank PLC	1,152,083,357	150,000,000	-	-
Hatton National Bank PLC	1,003,027,397	-	-	-
Cargills Bank PLC	502,922,740	-	-	-
National Development Bank PLC	501,149,315	-	-	-
	3,888,731,715	478,234,603	125,315,308	-

26.2.2 Bank Loans - Company

Name of the Bank	Facility Type	Interest Rate	Security Offered	Outstanding as at 31.03.2025	Outstanding as at 31.03.2024
Union Bank of Colombo PLC	Short term loan	The rate is determined at the time of drawdown	Nil	125,315,308	-

26.2.3 Bank Loans - Group

Name of the Bank	Facility Type	Interest Rate	Security Offered	Outstanding as at 31.03.2025	Outstanding as at 31.03.2024
Union Bank of Colombo PLC	Short term loan	The rate is determined at the time of drawdown	Nil	125,315,308	-
Nations Trust Bank PLC	Short term loan	AWPLR+0.75%	Nil	-	-
Seylan Bank PLC	Short term loan	AWPLR	Nil	-	-
Union Bank of Colombo PLC	Short term loan	AWPLR and 8.82%	Nil	604,233,598	328,234,603
Nations Trust Bank PLC	Short term loan	Monthly AWPLR +0.75%	Nil	151,116,782	150,000,000

Name of the Bank	Facility Type	Interest Rate	Security Offered	Outstanding as at 31.03.2025	Outstanding as at 31.03.2024
Seylan Bank PLC	Money Market Loan	The rate is determined at the time of drawdown	Nil	-	-
Nations Trust Bank PLC	Short term loan	AWPLR - 0.10%	Nil	1,000,966,575	-
National Development Bank PLC	Short term loan	AWPLR		501,149,315	-
Hatton National Bank PLC	Short term loan	The rate is determined at the time of drawdown	Corporate guarantee by Capital Alliance Holdings Limited	1,003,027,397	-
Cargills Bank PLC	Short term loan	AWPLR + 0.5%	Nil	502,922,740	-
DFCC Bank PLC	Intra day loan	-	Corporate guarantee by Capital Alliance Holdings Limited	-	-
Nations Trust Bank PLC	Intra day loan	-	Nil	-	-
Nations Trust Bank PLC	Short term loan	9.38%	Nil	-	-
				3,888,731,715	478,234,603

26.3 Commercial Papers Movement

	GROUP		COMPANY	
AS AT 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	215,425,604	1,728,836,524	-	1,683,524,688
Net issued/ (matured) during the year	(69,414,830)	(1,697,209,787)	-	(1,814,254,624)
Interest Expenses during the year	71,916,495	183,798,867	-	130,729,936
Balance as at 31st March	217,927,269	215,425,604	-	-

27. TRADE & OTHER PAYABLES

	GROUP		COMPANY	
AS AT 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Trade Creditors	430,403,074	887,681,566	-	-
Provisions and Accrued Expenses	1,836,957,221	2,963,148,067	62,554,165	33,567,689
Other Payables	69,890,950	61,365,408	8,961,183	2,081,625
	2,337,251,245	3,912,195,041	71,515,348	35,649,314

28. AMOUNTS DUE TO RELATED ENTITIES

	GROUP		COMPANY	
AS AT 31ST MARCH,	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Capital Alliance Securities (Pvt) Limited	-	-	-	3,169,501
CAL Investment Consultancy FZ-LLC, UAE	-	-	-	210,000
	-	-	-	3,379,501

NOTES TO THE FINANCIAL STATEMENTS

29. LEASE LIABILITY

29.1 Lease liability Movement

AS AT 31ST MARCH,	GROUP	
	2025 Rs.	2024 Rs.
Balance as at 1st April	115,012,852	147,542,646
Additions during the year	65,272,641	25,873,729
Interest Expense for the year	9,292,923	11,349,707
Lease rental Payment during the year	(54,983,831)	(57,235,986)
Exchange Difference	(15,831,050)	(12,517,244)
Balance as at 31st March	118,763,535	115,012,852

29.2 Amounts recognised in Income Statement

AS AT 31ST MARCH,	GROUP	
	2025 Rs.	2024 Rs.
Interest on lease liabilities	9,292,923	11,349,707
Depreciation - Right of use assets	44,173,184	48,578,212

29.3 Amounts recognised in Statement of Cash flows

AS AT 31ST MARCH,	GROUP	
	2025 Rs.	2024 Rs.
Repayment of Gross lease liability	(54,983,831)	(57,235,986)

29.4 Maturity Analysis - Contractual Undiscounted Cash Flows

AS AT 31ST MARCH,	GROUP	
	2025 Rs.	2024 Rs.
Amount Payable within One Year	60,164,006	53,106,760
Amount Payable after One Year and Less than Five Years	83,539,181	76,473,597
Total Gross Liability	143,703,187	129,580,357

30. RETIREMENT BENEFIT OBLIGATION

GRI 201-3

30.1 Movement in Present value of Defined benefit obligation

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Balance as at 1st April	148,402,712	104,664,498	17,456,276	10,921,185
Transferred from Related Companies	-	-	(9,387,500)	-
Current Service Cost	17,557,387	14,396,956	1,736,873	1,052,513
Interest Cost	16,279,936	20,110,453	1,920,190	2,020,419
Actuarial (Gain) / Loss	(3,799,015)	21,246,305	(1,290,049)	3,462,159
Payments made during the year	(6,600,625)	(12,015,500)	(687,500)	-
Balance as at 31st March	171,840,395	148,402,712	9,748,290	17,456,276

30.2 Expense recognised in Statement of Profit or Loss;

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Current service cost	17,557,387	14,396,956	1,736,873	1,052,513
Interest cost	16,279,936	20,110,453	1,920,190	2,020,419
	33,837,323	34,507,409	3,657,063	3,072,932

30.3 The amount recognised in the Other Comprehensive Income

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Actuarial (Gain)/ Loss	(3,799,015)	21,246,305	(1,290,049)	3,462,159

The provision for retirement benefit obligations as at 31st March 2025 is based on the actuarial valuation carried out by a professionally qualified actuary, Mr. M. Poopalanathan, an Actuary of the Actuarial and Management Consultant (Pvt) Ltd, using the "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits". The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the complexity of the valuation and the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group and the Company have considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with support of the independent actuarial expert.

The salary increment rate of 9% (2024: 10%) is considered appropriate to be in line with the Group's targeted future salary increments when taking into account the current market conditions and inflation rate.

Due to the discount rate and salary increment rate assumptions used, nature of non-financial assumptions and experience of the assumptions of the Company and the Group, there is no significant impact to employment benefit liability as a result of prevailing macro-economic conditions.

A long-term treasury bond rate of 10.00% p.a. (2024 - 11.00% p.a.) has been used to discount future liabilities taking into consideration the remaining working life of eligible employees.

30.4 Breakup of actuarial (Gain)/ Loss on Defined benefit obligation are as follow:

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Experience adjustment	(2,851,540)	22,277,378	(1,418,483)	2,079,000
Financial Assumptions	(805,316)	(662,291)	(46,488)	1,383,159
Demographic adjustment	(142,159)	(368,782)	174,922	-
	(3,799,015)	21,246,305	(1,290,049)	3,462,159

NOTES TO THE FINANCIAL STATEMENTS

30.5 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

AS AT 31ST MARCH,	GROUP		COMPANY	
	Increase Rs.	Decrease Rs.	Increase Rs.	Decrease Rs.
Movement by 1%				
Discount Rate	(4,677,234)	5,173,143	(455,231)	502,152
Future salary scale	5,824,193	(5,372,950)	546,810	(504,096)

30.6 The Principal Actuarial Assumptions used were as Follows:

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Expected Annual Average Salary Increment	9%	10%	9%	10%
Discount Rate	10%	11%	10%	11%
Staff Turnover Rate	11%-20%	10%-21%	16%	10%
Retiring Age	60 Years	60 Years	60 Years	60 Years
Weighted average retirement age	5 years - 7 Years	4 years - 9 Years	6 Years	9 Years

The Companies will continue as a going concern.

Assumption regarding future mortality are based on A 1967/70 mortality table issued by Institute of Actuaries London, United Kingdom.

30.7 Maturity Analysis

The following payments are expected on employee benefit liabilities in future years from the fund as follows,

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Within next 12 months	77,005,224	71,696,634	1,549,703	1,925,169
Between 1 to 5 years	53,640,229	46,313,731	4,923,377	6,968,769
Between 5 to 10 years	26,740,724	19,649,094	2,001,562	3,831,038
More than 10 years	14,454,218	10,743,253	1,273,648	4,731,300
	171,840,395	148,402,712	9,748,290	17,456,276

31. STATED CAPITAL

AS AT 31ST MARCH,	COMPANY	
	2025 Rs.	2024 Rs.
Issued and Fully Paid		
1,914,549,345 Ordinary Shares	2,532,798,096	2,532,798,096

31.1 STATED CAPITAL MOVEMENT

COMPANY	No. of Shares		2025 Rs.	2024 Rs.
	2025	2024		
AS AT 31ST MARCH,				
Balance as at the beginning of the year	127,636,623	98,258,063	2,532,798,096	223,231,471
Issued During the year	-	29,378,560	-	2,309,566,625
Balance as at the end of the year - before the Share Split	127,636,623	127,636,623	2,532,798,096	2,532,798,096
After the Share Split*	1,914,549,345	1,914,549,345	2,532,798,096	2,532,798,096

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.

**On 23rd December 2025, the Board of Directors of Capital Alliance Holdings Limited has resolved to subdivide the ordinary shares of the Company currently amounting to One hundred twenty-seven million, six hundred thirty-six thousand, six hundred twenty-three (127,636,623) ("Pre-Subdivision Shares") into One billion, nine hundred fourteen million, five hundred forty-nine thousand, three hundred forty-five (1,914,549,345) ordinary shares ("Post-Subdivision Shares") on the basis of one (01) Pre-Subdivision share held by each shareholder into four (15) ordinary shares.*

32. OTHER RESERVES

32.1 SPECIAL RISK RESERVE

Capital Alliance PLC

Every Primary Dealer Company shall maintain a Special Risk Reserve and shall, out of the net profits after the payment of tax of each year, before any dividend is declared, transfer to the Special Risk Reserve a sum not less than 10% of such profits as per the Primary Dealer Companies (Minimum Core Capital) Direction No. 1 of 2015 issued by Central Bank of Sri Lanka.

CAL Investment Consultancy FZ LLC, UAE

Subject to the applicable regulations of the Dubai Free Zone in which the Company operates, the Company has appropriated 10% of its net profit for the year ended 31 March 2025 to a Special Risk Reserve.

SPECIAL RISK RESERVE MOVEMENT

AS AT 31ST MARCH,	GROUP	
	2025 Rs.	2024 Rs.
Balance at the beginning of the year	2,316,818,030	927,499,681
Transferred to Special Risk Reserve	522,256,671	1,389,318,349
	2,839,074,701	2,316,818,030

32.2 FAIR VALUE RESERVE

Fair value reserve consist of the fair value gain or loss on remeasurement of Financial assets classified as Fair value through Other comprehensive Income.

32.3 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve consists of all foreign currency differences arising from the translation of the financial statements of CAL Investment Consultancy FZ LLC, UAE, CAL Securities Limited, Bangladesh, CAL Investments Limited, Bangladesh, CAL Bangladesh Limited in to reporting currency.

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTY TRANSACTIONS

According to Sri Lanka Accounting Standard (LKAS 24) 'Related Party Disclosures', Key management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non executive Directors) have been classified as "Key Management Personnel" of the company.

33.1 Key management personnel

1) Directors

Key management personnel include persons who were directors of Capital Alliance Holding Limited at any time during the financial year.

Mr. D. A. De Zoysa

Mr. K. P. Mannakkara*

Mr. W. A. T. Fernando

Mr. C. S. R. S. Anthony

Mr. R. J. Arasaratnam

Ms. N. T. M. S. Cooray

Mr. T. J. William

Ms. K A Chellaraja

Ms. R S Jayasuriya

Ms. W T V Perera

**The Board of Directors of Capital Alliance Holdings Limited (the Company) resolved on the 24th of July 2025, to appoint Mr. Kanishke Piyanga Mannakkara, Group CEO, as a Non Independent, Executive Director of the Company, effective 24th July 2025.*

2) Other key management personnel (KMPs)

Other KMPs include persons with responsibility for planning, directing and controlling the activities of the Company, directly or indirectly during the financial year.

33.2 Transactions With Key Management Personnel

Loans to Directors

No loans have been given to the directors of the Company.

Key Management Personnel Compensation

Key management personnel comprise the Directors of the Company and the benefits paid for the year is Rs. 12,050,000. (2024 - Rs. 6,050,000/-).

Other Transactions with Key Management Personnel

There were no material transactions with key management personnel of the Company.

33.3 Transaction With Related Companies

1) Directorships in Other Companies

Names of the Directors of the Related Companies which had Transactions with the Company

Name of the Director/ Company	Capital Alliance PLC	Capital Alliance Partners Ltd	Capital Alliance Securities (Pvt) Ltd	Capital Alliance Investments Ltd ¹	Capital Alliance Investments (Pvt) Limited	CAL Investment Consultancy FZ-LLC	CAL Securities Ltd, Ltd, Bangladesh	CAL Investments Bangladesh	CAL Ltd, Bangladesh	Fixed Income Investment I (Pvt) Ltd	Fixed Income Investment II (Pvt) Ltd
Mr. W. A. T. Fernando	Director	-	-	-	-	Director	Director / Chairman	-	Director	-	-
Mr. D. A. De Zoysa	Director / Chairman	-	-	-	-	-	-	-	-	-	-
Mr. C. S. R. S. Anthony	Director	-	-	-	-	-	-	-	-	-	-
Mr. R. J. Arasaratham	Director	-	-	-	-	-	-	-	-	-	-
Ms. N. T. M. S. Cooray	-	-	-	-	-	-	-	Director	-	-	-
Ms. K A D Siriwardene	Director	-	-	-	-	-	-	-	-	-	-
Ms. A I C Nandasena	Director	-	-	-	-	-	-	-	-	-	-
Mr. J. M. Jayasuriya	Director ²	-	-	-	-	-	-	-	-	-	-
Ms. H. M. S. Perera	-	Director	Director	Director	Director	-	-	Director	-	-	-
Mr. U L B Ariyaratne	-	-	Director	-	-	-	-	-	-	-	-
Mr. A. D. Pushparajah	-	-	Director	-	-	Director	Director	-	Director	-	-
Dr. M De Zoysa	-	Director	Director	Director	-	-	-	-	-	-	-
Mr. K. P. Mannakkara	-	-	-	Director	-	Director	-	Director	Director	-	-
Mr. U R Jonas	-	Director	-	-	Director	-	-	-	-	-	-
Mr. T Kulasinghe	-	-	-	-	Director	-	-	-	-	Director	Director
Mr. Z Rahman	-	-	-	-	-	-	-	Director / Chairman	-	-	-
Mr. M M Islam	-	-	-	-	-	-	-	Director	-	-	-
Mr. A R Shamsi	-	-	-	-	-	-	Director	-	-	-	-
Mr. S Ahmed	-	-	-	-	-	-	Director ³	Director	-	-	-
Mr. M Ahmed	-	-	-	-	-	-	Director	-	-	-	-

1 Managing Company of the Unit Trust Funds

2 Appointed on 28th November 2024

3 Resigned on 30th May 2025

NOTES TO THE FINANCIAL STATEMENTS

2) Transactions with Related Parties

Company	Relationship	Nature Of Transaction	2025 Rs.	2024 Rs.
CAL Investment Consultancy FZ - LLC, UAE	Subsidiary Company	Intercompany Receivable	292,700	210,000
		Sale of Subsidiary	33,335,683	27,906,255
Capital Alliance PLC	Subsidiary Company	Interest on Reverse Repo	2,206,833	1,651,171
		Investment on Reverse Repo	2,535,206,833	10,346,199
		Reimbursement of Expenses	34,943,649	24,932,920
		Intercompany Receivable	4,685,733	3,421,915
		Interest Income on Loan	-	49,197,053
		Guarantee Fee Income	400,000	-
Capital Alliance Investments Ltd	Sub Subsidiary Company	Intercompany Receivable	13,528,950	2,376,760
		Reimbursement of overhead Expenses	44,659,905	13,187,750
		Interest Income on Loan	-	2,430,681
Capital Alliance Partners Ltd	Sub Subsidiary Company	Commercial Paper Interest Expense	-	(1,885,708)
		Reimbursement of overhead Expenses	17,280,309	22,229,642
		Intercompany Receivable	855,008	99,100,813
		Placement Fee Expenses	(4,850,000)	-
		Written off of Related Party Balance	120,000,000	-
		Interest Income on advances given	1,063,811	-
Capital Alliance Securities (Pvt) Ltd	Sub Subsidiary Company	Reimbursement of overhead Expenses	49,896,004	33,839,263
		Brokerage Expense	(2,775,686)	(5,362,493)
		Intercompany Receivable (Payable)	6,346,655	(3,169,501)
		Interest Income on Loan	750,162	600,121
		Commercial Paper Interest Expense	-	(3,400,826)
		Loss on Sale of Subsidiary	(37,688,116)	-
Finnovation Pvt Ltd	Subsidiary Company	Commercial Paper Interest Expense	-	(5,642,382)
		Interest Income on Loan	-	1,510,173
		Advances given	4,575,000,000	-
		Settlement of Advances	(4,575,000,000)	-
CAL Securities Ltd, Bangladesh	Sub-Subsidiary Company	Reimbursement of Expenses	4,025,180	19,062,615
		Intercompany Receivable	22,936,050	18,910,870
CAL Investments Ltd, Bangladesh	Sub-Subsidiary Company	Reimbursement of Expenses	4,070,145	19,062,615
		Intercompany Receivable	23,040,015	18,969,870
CAL Bangladesh Ltd, Bangladesh	Sub-Subsidiary Company	Intercompany Receivable	2,850,530	1,953,463
Fixed Income Investment I (Pvt) Ltd	Subsidiary Company	Investment in Shares	-	10
Fixed Income Investment II (Pvt) Ltd	Subsidiary Company	Investment in Shares *	40	10
Capital Alliance Investment Grade Fund	Unit Trust Fund managed by Subsidiary Company	Earnings for the period	21,139,548	23,638,957
		Investment in Unit Trust Fund	33,666	343,638,956
Capital Alliance Income Fund	Unit Trust Fund managed by Subsidiary Company	Investment in Unit Trust Fund	54,903,724	-
		Earnings for the period	4,903,724	-

Company	Relationship	Nature Of Transaction	2025 Rs.	2024 Rs.
Capital Alliance Quantitative Equity Fund	Unit Trust Fund managed by Subsidiary Company	Investment in Unit Trust Fund	275,613	216,622
		Earnings for the period	58,992	50,000
Capital Alliance High Yield Fund	Unit Trust Fund managed by Subsidiary Company	Investment in Unit Trust Fund	22,059,000	-
		Earnings for the period	559,000	-
CAL Fixed Income Opportunity Fund	Unit Trust Fund managed by Sub-Subsidiary Company	Commercial paper Interest Expense	-	(18,652,757)
		Earnings for the period	35,816,116	856,285
		Investment in Unit Trust Fund	649,687,717	-
Jetwing City Pvt Ltd	Related Entity with Ultimate Shareholder	Settlement of invoices	(104,300)	-
Jetwing Hotels Ltd	Related Entity with Ultimate Shareholder	Settlement of invoices	(795,801)	-
Jetwing Journeys Pvt Ltd	Related Entity with Ultimate Shareholder	Settlement of invoices	(389,500)	-
Jetwing Real Estate Pvt Ltd	Related Entity with Ultimate Shareholder	Settlement of invoices	(3,197,508)	-
Ms. N T M S Cooray	Director	Commercial paper Interest Expense	-	(62,130,535)

* On 14th January 2025, the Fixed Income Investment III (Pvt) Ltd, Fixed Income Investment IV (Pvt) Ltd, Fixed Income Investment V (Pvt) Ltd, Fixed Income Investment VI (Pvt) Ltd, Fixed Income Investment VII (Pvt) Ltd, Fixed Income Investment VIII (Pvt) Ltd have been amalgamated to Fixed Income Investment II (Pvt) Ltd.

The Company carries out transactions with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24), "Related Party Disclosure", in the ordinary course of its business. The details of such transactions are reported above. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers except for advances given to Finnovation (Pvt) Ltd.

34. COMMITMENTS AND CONTINGENCIES

There were no other material litigations or claims that could have a material impact on financial position of the Company or which would lead to a disclosure in the financial statements for the year ended 31 March 2025.

There were no material capital commitments as at the reporting date which require disclosures in the financial statements.

34.1 Other Commitments

AS AT 31ST MARCH,	2025 Rs.	2024 Rs.
Assets		
Forward Purchases-Government Securities	4,636,873,000	6,207,792,917
Liabilities		
Forward Sales-Government Securities	4,456,559,485	7,446,292,224

NOTES TO THE FINANCIAL STATEMENTS

35 EVENTS AFTER THE REPORTING PERIOD

There were no material events after the date of Statement of Financial Position that require adjustments to or disclosures in the financial statements except the below;

Capital Alliance PLC

Mr. L. H. S. L. Silva has been appointed as the Chief Executive Officer of Capital Alliance PLC with effect from 11th April 2025 and he holds 339,650 number of shares as of the appointment date. Mr. W. A. T. Fernando stepped down from the position of Chief Executive Officer on the same date. It was further noted that Mr. W. A. T. Fernando will continue to serve on the Board of Directors as a Non-Independent, Non-Executive Director.

Capital Alliance Holdings Limited

The Colombo Stock Exchange (CSE) has approved on 21st April 2025, in-principle, an application submitted by Capital Alliance Holdings Limited, for the listing of its Ordinary Voting Shares by way of an Offer for Subscription on the Main Board or the Diri Savi Board of the Colombo Stock Exchange. Capital Alliance Holdings Limited offered for subscription of 157,500,000 Ordinary Voting Shares at Rs. 10/- per share and date of the opening of the subscription list was on 8th May 2025.

The Board of Directors of Capital Alliance Holdings Limited (the Company) resolved on the 24th of July 2025, to appoint Mr. Kanishke Piyanga Mannakkara, Group Chief Executive Officer, as a Non Independent, Executive Director of the Company, effective 24th July 2025 and holds 57,236,370 shares in the Company as of date.

Capital Alliance Holdings Limited has submitted a request to change its name to 'Capital Alliance Holdings PLC.'. The application is currently in progress and is pending approval from the Registrar of Companies.

Issue of Convertible Redeemable Preference Shares to Finnovation (Private) Limited

On 24th July 2025, the Board resolved to invest LKR 2,535 million in Convertible Redeemable Preference Shares of Finnovation (Private) Limited. The investment is subject to shareholder approval at the Annual General Meeting (AGM).

FINNOVATION (PRIVATE) LIMITED

Finnovation (Private) Limited ("the Investor"), a wholly owned subsidiary of Capital Alliance Holdings Limited ("the Parent"), has entered into an agreement with Curry King (Private) Limited ("the Investee") to acquire a 25% equity stake, comprising 900,000 shares, for a total consideration of Rs. 295 million.

Pursuant to this agreement, on 6 August 2025, the Investor acquired a 16.67% equity stake in the Investee for Rs. 177,001,202 through a Share Subscription Agreement. Subsequently, on 15 August 2025, the Investor made an additional investment of Rs. 15,000,196, representing a further 1.16% of the total issued shares. Following these two tranches, Finnovation (Private) Limited now holds a total equity stake of 17.33% in Curry King (Private) Limited.

36. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Equity risk
- Currency risk

This note presents information about the exposure of the Group and Company to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has delegated this function to the Director/Chief Executive Officer who develops and monitors the Company's risk management policies and report regularly to the Board of Directors on its activities. The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

36.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that would impact Group's income or the value of investment in financial instruments. The objective of managing market risk is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

COMPANY

At the reporting date the exposure to market risk of the Company's financial instruments was;

	Carrying amount As at 31 March 2025 Rs.	Market risk measurement		Carrying amount As at 31 March 2024 Rs.	Market risk measurement	
		Trading portfolios Rs.	Non trading portfolios Rs.		Trading portfolios Rs.	Non trading portfolios Rs.
Financial assets						
Cash and cash equivalents	5,629,523	-	5,629,523	11,399,645	-	11,399,645
Trade and other receivable	33,978,856	-	33,978,856	19,330,162	-	19,330,162
Amounts due from related parties	74,535,641	-	74,535,641	144,733,691	-	144,733,691
Financial assets measured at amortised cost	2,535,206,833	-	2,535,206,833	-	-	-
Financial assets measured at FVTPL	845,794,332	845,794,332	-	473,366,448	473,366,448	-
Financial Assets measured at FVOCI	325,000,000	-	325,000,000	-	-	-
	3,820,145,185	845,794,332	2,974,350,853	648,829,946	473,366,448	175,463,498
Financial liabilities						
Bank Overdrafts	57,392,533	-	57,392,533	-	-	-
Financial liabilities at amortised cost	125,315,308	-	125,315,308	-	-	-
Amounts due to related parties	-	-	-	3,379,501	-	3,379,501
Trade and Other Payables	66,879,033	-	66,879,033	25,584,364	-	25,584,364
	249,586,874	-	249,586,874	28,963,865	-	28,963,865

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GROUP

At the reporting date the exposure to market risk of the Group's financial instruments was;

	Carrying amount	Market risk measurement		Carrying amount	Market risk measurement	
	As at 31 March	Trading	Non trading	As at 31 March	Trading	Non trading
	2025	portfolios	portfolios	2024	portfolios	portfolios
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets						
Cash and cash equivalents	561,190,530	-	561,190,530	1,136,890,360	-	1,136,890,360
Financial assets measured at amortised cost	3,406,286,250	-	3,406,286,250	1,157,988,494	-	1,157,988,494
Trade and other receivable	3,329,970,452	-	3,329,970,452	2,660,764,608	-	2,660,764,608
Financial assets measured at FVTPL	103,816,703,137	103,816,703,137	-	60,881,033,014	60,881,033,014	-
	111,114,150,369	103,816,703,137	7,297,447,232	65,836,676,476	60,881,033,014	4,955,643,462
Financial liabilities						
Bank Overdrafts	402,067,475	-	402,067,475	-	-	-
Financial liabilities at amortised cost	85,982,586,274	-	85,982,586,274	37,914,225,387	-	37,914,225,387
Lease liability	118,763,535	-	118,763,535	115,012,852	-	115,012,852
Trade and Other Payables	2,262,775,474	-	2,262,775,474	3,847,496,552	-	3,847,496,552
	88,766,192,758	-	88,766,192,758	41,876,734,791	-	41,876,734,791

36.1.1 Interest rate risk

Interest rate risk mainly arises as a result of the Group having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The management monitors the sensitivities on regular basis and ensures that such risks are managed on a timely manner.

COMPANY

Exposure to interest rate risk

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

As at 31 March,	2025			2024		
	Variable interest rate Rs.	Fixed interest rate Rs.	Total Rs.	Variable interest rate Rs.	Fixed interest rate Rs.	Total Rs.
Financial assets						
Financial assets measured at amortised cost	-	2,535,206,833	2,535,206,833	-	-	-
Investment in Unit Trust Funds	726,959,721	-	726,959,721	343,855,579	-	343,855,579
Total	726,959,721	2,535,206,833	3,262,166,554	343,855,579	-	343,855,579
Financial liabilities						
Financial liabilities at amortised cost	125,315,308	-	125,315,308	-	-	-
Bank Overdrafts	57,392,533	-	57,392,533	-	-	-
Total	182,707,841	-	182,707,841	-	-	-

GROUP

Exposure to interest rate risk

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

As at 31 March,	2025			2024		
	Variable interest rate Rs.	Fixed interest rate Rs.	Total Rs.	Variable interest rate Rs.	Fixed interest rate Rs.	Total Rs.
Financial assets						
Financial assets measured at amortised cost	-	3,406,286,250	3,406,286,250	-	1,157,988,494	1,157,988,494
Investment in Unit Trust Funds	1,437,142,586	-	1,437,142,586	1,017,136,577	-	1,017,136,577
Government Treasury Bills and Bonds	-	101,164,715,892	101,164,715,892	-	58,790,179,821	58,790,179,821
Total	1,437,142,586	104,571,002,142	106,008,144,728	1,017,136,577	59,948,168,315	60,965,304,892
Financial liabilities						
Financial liabilities at amortised cost	-	85,982,586,274	85,982,586,274	-	37,914,225,387	37,914,225,387
Bank Overdrafts	67,739,249	334,328,226	402,067,475	-	-	-
Total	67,739,249	86,316,914,500	86,384,653,749	-	37,914,225,387	37,914,225,387

The Group engages in fee-based services such as Structuring, Placements and Advisory Services which also have an indirect impact from fluctuations in interest rates. Non-traded interest rate risk is mitigated through a combination of business strategy and market risk mitigation activities.

Risk and Compliance division and Finance division circulate Management Information reports to the Risk Committee which meets regularly to make decisions on managing such financial instruments and services. The committee establishes portfolio and sensitivity limits in order to manage the positions which Risk and Compliance division monitors on a daily basis. Any exceptions are duly escalated to the Committee for corrective measures.

Stress testing calculations are performed by the Risk and Compliance Division to assess the impact of interest rate and market risk on the Group portfolio values, capital adequacy, earnings and net asset positions also flagging any potential threat to regulatory requirements/limits

36.1.1.1 Sensitivity analysis - Company

The following table shows the estimated impact on profitability and equity by fluctuation of interest rates assuming that all other variables remain constant on the following financial assets and liabilities Floating rate instruments expose the Company to cash flow fluctuations.

As at 31 March,	2025		2024	
	Variable-rate		Variable-rate	
	Impact on PBT Rs.	Impact on equity Rs.	Impact on PBT Rs.	Impact on equity Rs.
Increase in 100 basis points				
Financial liabilities				
Bank loans and overdrafts	(1,823,925)	(1,276,748)	-	-
	(1,823,925)	(1,276,748)	-	-
Decrease in 100 basis points				
Financial liabilities				
Bank loans and overdrafts	1,823,925	1,276,748	-	-
	1,823,925	1,276,748	-	-

NOTES TO THE FINANCIAL STATEMENTS

36.1.1.1 Sensitivity analysis - Group

The following table shows the estimated impact on profitability and equity by fluctuation of interest rates assuming that all other variables remain constant on the following financial assets and liabilities Floating rate instruments expose the Group to cash flow fluctuations.

As at 31 March,	2025		2024	
	Variable-rate		Variable-rate	
	Impact on PBT Rs.	Impact on equity Rs.	Impact on PBT Rs.	Impact on equity Rs.
Increase in 100 basis points				
Financial assets/ Liabilities				
Government securities				
Treasury bills	(200,868,940)	(140,608,258)	(15,738,845)	(11,017,192)
Treasury bonds	(2,185,339,745)	(1,529,737,822)	(1,302,744,706)	(911,921,294)
Financial liabilities - Bank loans and overdrafts	(39,427,392)	(27,599,175)	-	-
	(2,425,636,077)	(1,697,945,255)	(1,318,483,551)	(922,938,486)
Decrease in 100 basis points				
Financial assets/ Liabilities				
Government securities				
Treasury bills	203,950,472	142,765,330	15,861,349	11,102,944
Treasury bonds	2,275,552,791	1,592,886,954	1,357,320,558	950,124,391
Financial liabilities - Bank loans and overdrafts	39,427,392	27,599,175	-	-
	2,518,930,655	1,763,251,459	1,373,181,907	961,227,335

36.1.1.2 The Group has established following measures to manage the interest rate risk

Cut loss policies – maintains a limit in terms of maximum loss a portfolio can undergo. Every trading position taken by the Company will have a cut loss limit earmarked which ensures the maximum loss the company will incur, when a trading position is capped.

Value at risk (VaR) limit – The VaR is a mathematical model which forecasts the loss the portfolio can undergo with 95% probability within a stipulated limit set by the Board of Directors. Therefore, in a worst-case scenario with 95% confidence level there is a pre-determined maximum value of money that can be lost. This is monitored daily by the Dealing team and Management.

Target Duration and Convexity – The duration of the portfolio depends on the maturity of the bills and bonds held in the portfolio. The duration of the portfolio is based on the prevailing interest rate outlook. The longer tenor bonds carry a higher interest rate risk, therefore, the average duration of holding a portfolio needs to be factored in to spread interest rate risk.

Scenario analysis limits – with the use of the data systems, Company is able to successfully gauge the market conditions based-on past data and experience in market conditions. With this, they can make an informed decision in terms of interest rate outlook.

Continuous and ongoing monitoring combined with in-depth research and statistical modelling, forms the basis of the Group's interest rate risk management strategy.

Risk Dashboards reflecting risk limits set on trading are updated daily and presented quarterly to the Board Risk Committee.

36.1.2 Equity Risk

The Group's exposure to equity risk arises from its investments in equity securities. Equity risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices.

Listed equity investments

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Investment in Quoted Shares	1,214,844,659	1,073,716,616	118,834,611	129,510,869
	1,214,844,659	1,073,716,616	118,834,611	129,510,869

The following table shows the estimated impact on profitability and equity by fluctuation of stock market prices at the reporting date, assuming that all other variables remain constant.

AS AT 31ST MARCH,	GROUP		COMPANY	
	Impact on PBT		Impact on PBT	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
10% decline in stock prices	(121,484,466)	(107,371,662)	(11,883,461)	(12,951,087)
10% Increase in stock prices	121,484,466	107,371,662	11,883,461	12,951,087

36.1.2.1 Management of Equity Risk

The Group manages the equity risk through diversification and placing limits on individual and total equity portfolio investments.

The Group's equity risk management policies are; Investment decisions are based on in depth macroeconomic and industry analysis as well as research reports on group performance.

Reports on the equity portfolio are submitted to the group's senior management on a regular basis.

Adherence to the investment policy which includes stringent guidelines on risk exposures.

36.1.3 Foreign Currency Risk

The foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuating due to changes in foreign exchange rates. The currencies giving rise to this risk are primarily US Dollars. Mainly Foreign currency reserve consists of impact on translation of foreign operations of the Group.

36.2 Liquidity risk

The Liquidity risk is the risk that the Group may not be able to meet its present and future cash obligations without incurring unacceptable losses or impacting operations. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

36.2.1 Exposure to liquidity risk

The following are the remaining contractual maturities of financial assets and financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

GROUP

As at 31 March 2025	Total carrying amount Rs.	Contractual cash flow total Rs.	12 months or less Rs.	1 - 2 years Rs.	2 - 9 Years Rs.
Assets					
Investment in Government Treasury Bills	26,913,638,682	26,913,638,682	26,913,638,682	-	-
Investment in Government Treasury Bonds	74,251,077,210	74,251,077,210	17,109,626	1,916,520,210	72,317,447,374
Investment in Unit Trust Funds	1,437,142,586	1,437,142,586	1,437,142,586	-	-
Investment in Shares	1,214,844,659	1,214,844,659	1,214,844,659	-	-
Securities Purchase under Resale Agreements	3,406,286,250	3,409,516,907	3,409,516,907	-	-
Trade and Other Receivables	3,329,970,452	3,329,970,452	3,329,970,452	-	-
	110,552,959,839	110,556,190,496	36,322,222,912	1,916,520,210	72,317,447,374

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2025	Total carrying amount Rs.	Contractual cash flow total Rs.	12 months or less Rs.	1 - 2 years Rs.	2 - 9 Years Rs.
Liabilities					
Securities Sold under Repurchase Agreements	81,875,927,290	85,532,159,305	85,532,159,305	-	-
Short Term Loan	3,888,731,715	3,888,731,715	3,888,731,715	-	-
Commercial Papers	217,927,269	217,927,269	217,927,269	-	-
Trade and Other Payables	2,262,775,474	2,262,775,474	2,262,775,474	-	-
Lease Liability	118,763,535	143,703,187	60,164,006	51,330,180	32,209,001
Bank Overdrafts	402,067,475	402,067,475	402,067,475	-	-
	88,766,192,758	92,447,364,425	92,363,825,244	51,330,180	32,209,001

As at 31 March 2024	Total carrying amount Rs.	Contractual cash flow total Rs.	12 months or less Rs.	1 - 2 years Rs.	2 - 9 Years Rs.
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Assets

Investment in Government Treasury Bills	5,658,036,806	5,658,036,806	5,658,036,806	-	-
Investment in Government Treasury Bonds	53,132,143,015	53,132,143,015	2,326,966,874	17,028,811,678	33,776,364,463
Investment in Unit Trust Funds	1,017,136,577	1,017,136,577	1,017,136,577	-	-
Investment in Shares	1,073,716,616	1,073,716,616	1,073,716,616	-	-
Securities Purchase under Resale Agreements	1,157,988,494	1,158,087,752	1,158,087,752	-	-
Trade and Other Receivables	2,660,764,608	2,660,764,608	2,660,764,608	-	-
	64,699,786,116	64,699,885,374	13,894,709,233	17,028,811,678	33,776,364,463

Liabilities

Securities Sold under Repurchase Agreements	37,220,565,180	38,550,979,651	38,550,979,651	-	-
Short Term Loan	478,234,603	478,234,603	478,234,603	-	-
Commercial Papers	215,425,604	216,493,694	216,493,694	-	-
Trade and Other Payables	3,847,496,552	3,847,496,552	3,847,496,552	-	-
Lease Liability	115,012,852	129,580,357	107,423,073	5,213,485	16,943,799
	41,876,734,791	43,222,784,857	43,200,627,573	5,213,485	16,943,799

COMPANY

As at 31 March 2025	Total carrying amount Rs.	Contractual cash flow total Rs.	12 months or less Rs.	1 - 2 years Rs.	2 - 9 Years Rs.
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Assets

Trade and Other Receivables	33,978,856	33,978,856	33,978,856	-	-
Amounts Due from Related Entities	74,535,641	74,535,641	74,535,641	-	-
Financial Assets Measured at Amortised Cost	2,535,206,833	2,535,758,541	2,535,758,541	-	-
Investment in Unit Trust Funds	726,959,721	726,959,721	726,959,721	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	325,000,000	325,000,000	-	-	325,000,000
Investment in Shares	118,834,611	118,834,611	118,834,611	-	-
	3,814,515,662	3,815,067,370	3,490,067,370	-	325,000,000

Liabilities

Short Term Loan	125,315,308	125,315,308	125,315,308	-	-
Trade and Other Payables	66,879,033	66,879,093	66,879,093	-	-
Bank Overdrafts	57,392,533	57,392,533	57,392,533	-	-
	249,586,874	249,586,874	249,586,874	-	-

As at 31 March 2024	Total carrying amount Rs.	Contractual cash flow total Rs.	12 months or less Rs.	1 - 2 years Rs.	2 - 9 Years Rs.
Assets					
Trade and Other Receivables	19,330,162	19,330,162	19,330,162	-	-
Amounts Due from Related Entities	144,733,691	144,733,691	144,733,691	-	-
Investment in Unit Trust Funds	343,855,579	343,855,579	343,855,579	-	-
Investment in Shares	129,510,869	129,510,869	129,510,869	-	-
	637,430,301	637,430,301	637,430,301	-	-
Liabilities					
Trade and Other Payables	25,584,364	25,584,364	25,584,364	-	-
Amount Due to Related Entities	3,379,501	3,379,501	3,379,501	-	-
	28,963,865	28,963,865	28,963,865	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

36.2.2 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 reputation. The Group has access to approved short-term financing facilities from commercial banks, if required.

The Group monitors the level of expected cash inflows on Investments and other receivables together with expected cash outflows on Repurchase agreements and other payables and it is estimated that the maturity of financial assets as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and currently available information which would enable the Group to meet its contractual obligations.

Group has taken following measures to manage the liquidity risk of the Group

Maintaining a diversified funding base and appropriate contingency facilities.

Carrying a portfolio of highly liquid assets that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.

Monitoring liquidity ratios and carrying out stress-testing of the Group's liquidity position.

Regular reviews cash flow projections.

Availability of stand by overdraft facility to be used in the event of an emergency.

36.3 Credit risk

Credit risk is the risk that counter-party will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities including any deposits with banks and financial institutions and other financial instruments.

36.3.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date based on the concentration of the risk by sector was;

NOTES TO THE FINANCIAL STATEMENTS

GROUP

As at 31st March 2025	Cash and Cash Equivalents Rs.	Financial Assets measured at FVTPL Rs.	Financial Assets measured at Amortised Cost Rs.	Trade and Other Receivables Rs.
Government	-	101,164,715,892	3,406,286,250	-
Corporate	-	2,651,987,245	-	-
Other	561,190,530	-	-	3,329,970,452
Total	561,190,530	103,816,703,137	3,406,286,250	3,329,970,452
As at 31st March 2024				
Government	-	58,790,179,821	1,157,988,494	-
Corporate	-	2,090,853,193	-	-
Other	1,136,890,360	-	-	2,660,764,608
Total	1,136,890,360	60,881,033,014	1,157,988,494	2,660,764,608

COMPANY

As at 31st March 2025	Cash and Cash Equivalents Rs.	Financial Assets measured at FVTPL Rs.	Financial Assets measured at Amortised Cost Rs.	Trade and Other Receivables Rs.	Financial Assets measured at Fair Value through Other Comprehensive Income Rs.
Corporate	-	845,794,332	2,535,206,833	-	325,000,000
Other	5,629,523	-	-	33,978,856	-
Total	5,629,523	845,794,332	2,535,206,833	33,978,856	325,000,000
As at 31st March 2024					
Corporate	-	473,366,448	-	-	-
Other	11,399,645	-	-	19,330,162	-
Total	11,399,645	473,366,448	-	19,330,162	-

36.3.2 Management of Credit Risk

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.

Establishing the authorization structure for the approval and renewal of facilities

Limiting concentrations of exposure to counterparties, industries, and by issuer, credit rating band and market liquidity.

Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

Continually reviewing and assessing credit risk.

36.3.3 Impairment

The aging of Trade receivables at the reporting date was;

GROUP

	2025		2024	
	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
Not past due	1,411,701,589	-	1,298,708,428	-
Past due 0 - 30 days	1,250,347,408	-	745,647,323	-
Past due 31 - 90 days	500,990,324	-	456,195,065	-
More than 90 days	128,341,003	34,945,384	50,296,554	31,661,743
	3,291,380,324	34,945,384	2,550,847,370	31,661,743

COMPANY

	2025		2024	
	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
Not past due	24,314,262	-	251,118	-
Past due 0 - 30 days	-	-	-	-
Past due 31 - 90 days	-	-	-	-
More than 90 days	2,407,211	2,407,211	-	-
	26,721,473	2,407,211	251,118	-

Based on historical defaults, the Group believes that impairment allowance is adequate in respect of above Trade and Other Receivables. Further Sufficient collateral cover is available in respect of credit extended to debtors of Capital Alliance Securities (Pvt) Limited.

Credit risk on financial investments

The Company and Group are also exposed to credit risk through its financial investments. The credit worthiness of the financial instruments are assessed using the credit ratings assigned to each security. This rating provides the Company the indication of the financial stability of the investment.

Credit risk exposure of Cash at Bank is depicted in the below table using the carrying values as at the Statement of Financial Position Date.

			GROUP		COMPANY	
Institution	Rating	Rating Agency	2025	2024	2025	2024
			Rs.	Rs.	Rs.	Rs.
Commercial Banks	A+	Fitch	243,751,522	912,958	103,164	-
	A	Fitch	19,143,175	154,170,635	3,020,636	4,467,776
	A-	Fitch	-	676,146,435	-	5,434,632
	AA-	Fitch	145,548,901	-	1,875,977	-
	BBB+	Fitch	629,746	-	629,746	-
	BBB-	Fitch	-	1,712,699	-	1,497,237
	AA	ECRL	17,066,195	256,767,863	-	-
	A+	ECRL	3,457,185	26,356,299	-	-
	AA+	ECRL	-	1,068	-	-
	AA	CRAB	93,082,574	-	-	-
	AAA	CRAB	476,097	525,460	-	-
	AA+	CRISL	-	14,790,486	-	-
	AA	CRISL	2,831,351	3,886,252	-	-
	AA-	CRISL	11,834	-	-	-
	B2	BRAC	32,951,712	-	-	-
Central Bank of Sri Lanka			2,189,594	1,379,864	-	-
			561,139,886	1,136,650,019	5,629,523	11,399,645

NOTES TO THE FINANCIAL STATEMENTS

The above has been derived as per the Company's risk management policy of using the carrying values in the Statement of Financial Position. This does not include the exposure that would arise in the future as a result of changes in values. Further there were no any other off balance sheet exposures which would give arise to credit risk.

Collateral held for Reverse Repurchase Investments

Reverse repurchase investments which fall under government securities is backed by treasury bills and bonds which are provided as collateral. The management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. Details of collateral held for reverse repurchase agreements and the haircut policy are disclosed in note 18.1.1.

Risk response to credit risk on financial investments

The Company's investment policy prohibits non-rated investments, unless specifically authorized.

Regularly review credit worthiness of counterparties and take necessary actions if required.

Appropriate actions are implemented when the investments are expected to be high credit risk.

Clearly defined single party exposure limits based on the credit ratings and regulatory requirements and monitoring them closely at different levels.

36.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of the transaction.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of business contingency plans.
- Training and professional development
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Group's internal controls and procedures is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business units with summaries submitted to the Audit Committee.

37. CAPITAL MANAGEMENT

The policy of the Company and the Group is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of stated capital, reserves and retained earnings. The Board of Directors monitors the return on capital, gearing ratio, dividend pay-out to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

AS AT 31ST MARCH,	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Interest bearing borrowing	86,384,653,749	37,914,225,387	182,707,841	-
(-) Cash and Cash Equivalents	(561,190,530)	(1,136,890,360)	(5,629,523)	(11,399,645)
	85,823,463,219	36,777,335,027	177,078,318	(11,399,645)
Equity	20,594,501,187	19,508,288,969	5,495,031,318	2,938,601,767
Gearing ratio	4.17	1.89	0.03	-

38. FINANCIAL INSTRUMENTS

38.1 FAIR VALUE OF ASSETS AND LIABILITIES

Accounting classification and fair value of financial instruments

Financial instruments measured subsequently on the ongoing basis either at fair value or amortized cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

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

Level - 1

Financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level - 2

Financial instruments that are measured at fair value on a recurring basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by market transactions involving comparable securities.

Level - 3

Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

As at 31st March 2025	Note	Fair Value			Total Rs.
		Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	

Financial Assets measured Fair value Through Profit or Loss

Investment in Government Treasury Bills	16	26,913,638,682	-	-	26,913,638,682
Investment in Government Treasury Bonds	16	74,251,077,210	-	-	74,251,077,210
Investment in Unit Trust Funds	16	-	1,437,142,586	-	1,437,142,586
Investment in Quoted Shares	16	1,214,844,659	-	-	1,214,844,659
		102,379,560,551	1,437,142,586	-	103,816,703,137

Financial Assets measured at Amortised Cost

Securities Purchased Under Resale Agreements	18	-	-	3,003,008,990	3,003,008,990
Placement with Bank (Term Deposits)	18	-	-	403,277,260	403,277,260
Investment in Commercial Papers	18.2	-	-	-	-
Trade and Other Receivables	19	-	-	3,329,970,452	3,329,970,452
		-	-	6,736,256,702	6,736,256,702

Financial Liabilities not Measured at Fair Value

Securities Sold Under Repurchase Agreements	26	-	-	81,875,927,290	81,875,927,290
Short Term Loan	26	-	-	3,888,731,715	3,888,731,715
Commercial Paper liabilities	26	-	-	217,927,269	217,927,269
Trade and Other Payables	27	-	-	2,262,775,474	2,262,775,474
Bank Overdrafts	15.2	-	-	402,067,475	402,067,475
		-	-	88,647,429,223	88,647,429,223

As at 31st March 2024	Note	Fair Value			Total Rs.
		Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	

Financial Assets measured Fair value Through Profit or Loss

Investment in Government Treasury Bills	16	5,658,036,806	-	-	5,658,036,806
Investment in Government Treasury Bonds	16	53,132,143,015	-	-	53,132,143,015
Investment in Unit Trust Funds	16	-	1,017,136,577	-	1,017,136,577
Investment in Quoted Shares	16	1,073,716,616	-	-	1,073,716,616
		59,863,896,437	1,017,136,577	-	60,881,033,014

Financial Assets measured at Amortised Cost

Securities Purchased Under Resale Agreements	18	-	-	1,015,901,339	1,015,901,339
Placement with Bank (Term Deposits)	18	-	-	142,087,155	142,087,155
Trade and Other Receivables	19	-	-	2,660,764,608	2,660,764,608
		-	-	3,818,753,102	3,818,753,102

Financial Liabilities not Measured at Fair Value

Securities Sold Under Repurchase Agreements	26	-	-	37,220,565,180	37,220,565,180
Short Term Loan	26	-	-	478,234,603	478,234,603
Commercial Papers	26	-	-	215,425,604	215,425,604
Trade and Other Payables	27	-	-	3,847,496,552	3,847,496,552
		-	-	41,761,721,939	41,761,721,939

COMPANY

As at 31st March 2025	Note	Fair Value			Total Rs.
		Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	

**Financial Assets measured Fair value
Through Profit or Loss**

Investment in Unit Trust Funds	16	-	726,959,721	-	726,959,721
Investment in Quoted Shares	16	118,834,611	-	-	118,834,611
		118,834,611	726,959,721	-	845,794,332

**Financial Assets measured Fair value Through
Other Comprehensive Income**

Investment in preference shares	17			325,000,000	325,000,000
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Financial Assets measured at Amortised Cost

Trade and Other Receivables	19	-	-	33,978,856	33,978,856
Amount Due from Related Entities	20.1	-	-	74,535,641	74,535,641
Financial Assets Measured at Amortised Cost	18	-	-	2,535,206,833	2,535,206,833
		-	-	2,643,721,330	2,643,721,330

Financial Liabilities not Measured at Fair Value

Short Term Loan	26	-	-	125,315,308	125,315,308
Trade and Other Payables	27			66,879,033	66,879,033
Bank Overdrafts	15.2			57,392,533	57,392,533
		-	-	249,586,874	249,586,874

As at 31st March 2024	Note	Fair Value			Total Rs.
		Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	

**Financial Assets measured Fair value
Through Profit or Loss**

Investment in Unit Trust Funds	16	-	343,855,579	-	343,855,579
Investment in Quoted Shares	16	129,510,869	-	-	129,510,869
		129,510,869	343,855,579	-	473,366,448

**Financial Assets measured Fair value Through
Other Comprehensive Income**

Investment in Unquoted Shares	17	-	-	-	-
		-	-	-	-

Financial Assets measured at Amortised Cost

Trade and Other Receivables	19	-	-	19,330,162	19,330,162
Amount Due from Related Entities	20.1	-	-	144,733,691	144,733,691
		-	-	164,063,853	164,063,853

Financial Liabilities not Measured at Fair Value

Trade and Other Payables	27	-	-	25,584,364	25,584,364
Amount Due to Related Entities	28	-	-	3,379,501	3,379,501
		-	-	28,963,865	28,963,865

NOTES TO THE FINANCIAL STATEMENTS

Level 1

Category of financial assets that are measured in whole or in part by reference to published quotes in an active market.

Level 2

Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3

Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

38.2 Financial Instruments - Statement of Financial Position

		GROUP		COMPANY	
AS AT 31ST MARCH,	Note	2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Financial Assets					
Financial assets measured at Fair Value Through Profit or Loss					
Investment in Government Treasury Bills	16	26,913,638,682	5,658,036,806	-	-
Investment in Government Treasury Bonds	16	74,251,077,210	53,132,143,015	-	-
Investment in Unit Trust Funds	16	1,437,142,586	1,017,136,577	726,959,721	343,855,579
Investment in Quoted Shares	16	1,214,844,659	1,073,716,616	118,834,611	129,510,869
		103,816,703,137	60,881,033,014	845,794,332	473,366,448
Financial Assets Measured at Fair Value Through OCI					
Investment in Preference shares	17	-	-	325,000,000	-
		-	-	325,000,000	-
Financial Assets Measured at Amortised Cost					
Securities Purchase under Resale Agreements	18	3,003,008,990	1,015,901,339	2,535,206,833	-
Placement with Bank	18	403,277,260	142,087,155	-	-
Trade and other receivables	19	3,329,970,452	2,660,764,608	33,978,856	19,330,162
Amount due from related Entities	20.1	-	-	74,535,641	144,733,691
		6,736,256,702	3,818,753,102	2,643,721,330	164,063,853
		110,552,959,839	64,699,786,116	3,814,515,662	637,430,301

		GROUP		COMPANY	
AS AT 31ST MARCH,	Note	2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Non Financial Assets					
Property, Plant and Equipment	25	140,221,323	140,845,836	186,681	1,987,009
Intangible assets	23	160,655,969	149,708,614	2,060,064	3,787,829
Right-of-use Assets	24	109,600,246	102,801,321	-	-
Investment in Subsidiaries	21	-	-	1,897,304,850	2,269,287,082
Investment in Joint Venture	22	-	-	-	-
Income Tax Recoverable	13.3	-	-	9,656,037	9,656,037
Advances,Deposits,Prepayments and Other Receivables	19	199,228,299	315,099,717	26,941,625	56,763,250
Deferred Tax Assets	13.7.1	47,467,193	45,622,443	2,708,355	4,775,705
		657,173,030	754,077,931	1,938,857,612	2,346,256,912
Cash and cash equivalents	15.1	561,190,530	1,136,890,360	5,629,523	11,399,645
Total Assets		111,771,323,399	66,590,754,407	5,759,002,797	2,995,086,858

		GROUP		COMPANY	
AS AT 31ST MARCH,	Note	2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Financial Liabilities					
Other Financial Liabilities					
Financial Liability Measured at Amortised Cost	26	85,982,586,274	37,914,225,387	125,315,308	-
Trade & Other Payables	27	2,262,775,474	3,847,496,552	66,879,033	25,584,364
Amounts Due to Related Entities	28	-	-	-	3,379,501
Bank Overdrafts	15.2	402,067,475	-	57,392,533	-
Lease Liability	29	118,763,535	115,012,852	-	-
		88,766,192,758	41,876,734,791	249,586,874	28,963,865
Other non financial liabilities					
Retirement Benefit Obligations	30	171,840,395	148,402,712	9,748,290	17,456,276
Income Tax Payable	13.3	2,164,313,288	4,992,449,148	-	-
Other Payables		74,475,771	64,698,489	4,636,315	10,064,950
Deferred Tax Liability	13.7.3	-	180,298	-	-
		2,410,629,454	5,205,730,647	14,384,605	53,105,590
Total Liabilities		91,176,822,212	47,082,465,438	263,971,479	56,485,091

NOTES TO THE FINANCIAL STATEMENTS

39. SEGMENT REPORTING

Information about reportable segments

The Group's activities have been segregated into four different segments (Primary Dealer, Corporate Finance, Asset Management, Stock Broking) based on the business activities that each unit is engaged for the purpose of reviewing the operating results of the Group as well as to make decisions about resource allocation

Segment information is presented in respect of the Group's business segments as per SLFRS 8. The Group's primary format for segment reporting is based on business segments.

The business segments are determined based on the Group's management and internal reporting structure.

	Primary Dealer		Corporate Finance		Asset Management		Stock Broking		Eliminations/ Unallocated		Consolidated	
For the Year ended 31 March,	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Interest Income	8,874,890,409	10,504,447,242	568,265	2,676,515	81,057,749	1,651,171	214,664,592	166,453,885	165,398,626	66,529,640	9,336,579,641	10,741,758,453
Interest Expenses	(5,854,922,371)	(6,641,899,350)	(1,549,194)	(522,599)	(3,871,713)	(6,444,286)	(85,559,018)	(46,457,902)	(22,891,707)	(63,983,375)	(5,968,794,003)	(6,759,307,512)
Net Interest Income/ (Expense)	3,019,968,038	3,862,547,892	(980,929)	2,153,916	77,186,036	(4,793,115)	129,105,574	119,995,983	142,506,919	2,546,265	3,367,785,638	3,982,450,941
Fee Based Income	-	-	147,797,492	170,685,452	1,361,000,661	1,331,841,069	843,786,221	441,438,418	180,942,663	347,415,680	2,533,527,037	2,291,380,619
Net Gain from Trading	6,096,133,620	19,005,251,921	-	-	37,578,107	26,195,230	27,644,190	4,380,793	494,118,495	24,789,163	6,655,474,412	19,060,617,107
Net Gain / (Loss) from remeasurement of Financial Assets at FVTPL	(1,554,535,633)	874,512,729	-	-	8,523,061	3,442,658	219,031	476,140	27,569,279	3,697,947	(1,518,224,262)	882,129,474
Direct Expenses	(42,681,085)	(33,074,086)	-	(2,844,063)	-	-	(15,778,349)	(11,986,378)	-	(20,847,606)	(58,459,434)	(68,752,133)
Other Income	38,796,027	19,408,152	120,344,063	-	488,088	178,598	4,527,675	302,876	(95,025,828)	53,489,292	69,140,025	73,378,918
Net Operating Income	7,557,680,967	23,728,646,608	267,160,626	169,995,305	1,484,785,953	1,356,864,440	989,504,342	554,607,832	750,111,528	411,090,741	11,049,243,416	26,221,204,926
Operating Expenses	(1,186,566,285)	(3,630,635,177)	(265,052,908)	(204,956,540)	(588,509,022)	(346,862,261)	(640,398,194)	(340,534,890)	(1,740,536,017)	(1,005,392,113)	(4,422,807,733)	(5,528,380,981)
Operating Profit/ (Loss)	6,371,114,682	20,098,011,431	2,107,718	(34,961,235)	896,276,931	1,010,002,179	349,106,148	214,072,942	(990,424,489)	(594,301,372)	6,626,435,683	20,692,823,945
Share of Profit/ (Loss) from Equity accounted Investee (Net of Tax)	-	-	-	-	-	-	-	-	-	21,070,301	-	21,070,301
Profit/ (Loss) Before Tax	6,371,114,682	20,098,011,431	2,107,718	(34,961,235)	896,276,931	1,010,002,179	349,106,148	214,072,942	(990,424,489)	(573,231,071)	6,626,435,683	20,713,894,246
Income Tax Expenses	(1,950,520,698)	(6,204,827,939)	4,777,353	4,578,805	(279,273,933)	(302,044,522)	(143,698,421)	(59,393,540)	(27,235,634)	(61,233,546)	(2,398,615,379)	(6,622,920,742)
Profit/ (Loss) for the year	4,420,593,984	13,893,183,492	6,885,071	(30,382,430)	617,002,998	707,957,657	205,407,727	154,679,402	(1,017,660,123)	(634,464,617)	4,227,820,304	14,090,973,504
Other Comprehensive Income/ (Expense) for the year	2,309,471	(8,387,173)	(532,453)	(336,895)	(2,325,102)	(1,713,692)	1,784,506	(1,259,183)	(160,427,756)	(205,036,009)	(159,191,334)	(216,732,952)
Total Comprehensive Income/ (Expense) for the year	4,422,903,455	13,884,796,319	6,352,618	(30,719,325)	614,677,896	706,243,965	207,192,233	153,420,219	(1,178,087,879)	(839,500,626)	4,068,628,970	13,874,240,552
Total Assets	105,356,533,738	61,258,227,617	103,538,178	162,789,581	1,615,777,409	781,763,163	3,049,693,510	2,089,424,916	1,648,444,610	2,298,549,130	111,771,323,399	66,590,754,407
Total Liabilities	90,960,391,914	44,861,340,510	54,949,935	120,553,956	800,767,169	413,728,228	1,834,082,159	1,507,974,924	(2,475,114,272)	178,887,820	91,176,822,212	47,082,465,438
Net Assets	14,396,141,824	16,396,887,107	48,588,243	42,235,625	815,010,240	368,034,935	1,215,611,351	581,449,983	4,123,558,882	2,119,681,310	20,594,501,187	19,508,288,969
Cash flows from/ (to) operating activities	6,118,097,614	3,369,442,574	(53,873,388)	67,184,544	810,541,124	816,671,219	(1,118,869,764)	(196,769,739)	(4,743,956,770)	(1,125,470,543)	9,136,510,414	8,016,789,487
Cash flows from/ (to) operating activities	(7,471,254)	(62,673,726)	(2,618,091)	48,142,027	(4,983,067)	(251,018,060)	578,740,731	(34,238,929)	9,136,510,414	8,016,789,487	(5,204,949,138)	(8,223,421,704)
Cash flows from/ (to) operating activities	(6,427,428,757)	(2,982,722,842)	(5,217,084)	(30,655,885)	(833,399,373)	(493,022,870)	433,411,572	160,356,441	(5,204,949,138)	(8,223,421,704)	(812,395,494)	918,838,326
Net cash flow generated/ (used) during the year	(316,802,397)	324,046,006	(61,708,573)	84,670,686	(27,841,316)	72,630,289	(106,717,461)	(70,652,227)	(812,395,494)	918,838,326	(812,395,494)	918,838,326



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INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF CAPITAL ALLIANCE HOLDINGS LIMITED ON THE INTEGRATED REPORT FOR THE YEAR ENDED 31ST MARCH 2025

Conclusion

We have performed a limited assurance engagement on whether the Integrated Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 (the “Integrated Report”) has been prepared in accordance with the Content Elements of the IFRS Foundation’s International <IR> Framework.

Based on the procedures performed and evidence obtained, as described below, nothing has come to our attention to cause us to believe that the Integrated Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 is not prepared, in all material respects, in accordance with the Content Elements of the IFRS Foundation’s International <IR> Framework.

This conclusion on the Integrated Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 does not extend to any other information that accompanies the integrated report. We have read the other information, but we have not performed any procedures with respect to the other information.

Basis for conclusion

We conducted our engagement in accordance with the Sri Lankan Standard on Assurance Engagements SLSAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the Institute of Chartered Accountants of Sri Lanka (CASL). Our responsibilities under this standard are further described in the ‘Our responsibilities’ section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka.

Our firm applies Sri Lanka Standard on Quality Management 1 (SLSQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and, accordingly, maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the Company’s strategy or how the Company creates value, including the governance, strategic management and other key business processes. The procedures we have performed in relation to the Company’s strategy and how the Company creates value are outlined in the ‘Summary of the work we performed as the basis for our conclusion’.

Criteria Used as the Basis of Reporting

The criteria used as a basis of reporting is the Content Elements of the IFRS Foundation’s International <IR> Framework as disclosed in the Integrated Report.

Intended Purpose of our Report

We have been engaged by the Directors of Capital Alliance Holdings Limited (“the Company”) to provide limited assurance on whether the Integrated Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 (the “Integrated Report”) has been prepared in accordance with the Content Elements of the IFRS Foundation’s International <IR> Framework

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Restriction of use of our report

This report has been prepared for the Company for the purpose of providing an assurance conclusion on the Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

Responsibilities of the Board of Directors and Management

The Board of Directors and Management of Capital Alliance Holdings Limited are responsible for:

- ➞ designing, implementing and maintaining internal control relevant to the preparation of the Company's Integrated Report such that it is free from material misstatement, whether due to fraud or error
- ➞ selecting suitable criteria for preparing the Integrated Report and appropriately referring to or describing the criteria used
- ➞ determining that the criteria is appropriate to meet the needs of intended users, being the company's members and any other intended users.

- ➞ preparing and presenting of the Integrated Report in accordance with the criteria set out in the IFRS Foundation's <IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- ➞ ensuring the Company's strategy is well presented in the Company's Integrated Report and reflects how the Company creates value as they operate in practice
- ➞ identifying stakeholders and stakeholder requirements;
- ➞ identifying material issues and reflecting those in the Company's Integrated Report; and
- ➞ preparation and fair presentation of the Integrated reporting information;
- ➞ design and implementation of internal controls that the company determines necessary to enable the preparation and presentation of the Integrated Report that is free from material misstatement, whether due to fraud or error.
- ➞ informing us of any known and/or contentious issues relating to the Integrated Report.
- ➞ preventing and detecting of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities;
- ➞ process to ensure that the Company personnel involved with the preparation and presentation of the integrated reporting information are properly trained, systems are properly updated and that any changes in reporting is relevant to the integrated report information encompass all significant business units. This responsibility also includes informing us of any changes in the Company's operations since the date of our most recent assurance report on the Integrated reporting information.

Inherent limitations in preparing the Integrated Report

The Integrated Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in the preparation of the Integrated Report and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Integrated Report because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.

Our Responsibilities

We are responsible for:

- ➞ Planning and performing the engagement to obtain limited assurance on whether the Company's Integrated Report, is free from material misstatement, whether due to fraud or error;
- ➞ Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- ➞ Reporting our conclusion to the Board of Directors.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional scepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Integrated Report that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Company's Integrated Report and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

1. Interviews with executives, senior management and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Report;
2. Reviewing of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the Company's stakeholders, how the Company creates value, the Company's external environment, strategy, governance and reporting.
3. Reviewing the description of the Company's strategy and how the Company creates value in the Report and enquiring of management as to whether the description accurately reflects their understanding;
4. Assessing of the suitability and application of the Content Elements of the <IR> Framework in the Report;
5. Assessing of the alignment between the Company's strategy, the disclosures on how the Company creates value and what matters most to the Company's stakeholders.

6. Reviewing Board minutes to ensure consistency with the content of the Report.
7. Reviewing the Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.
8. Obtaining a letter of representation from management dated 27th August 2025 on the content of the Company's Integrated Report.

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Capital Alliance Holdings Limited.



CHARTERED ACCOUNTANTS

Colombo
27th August 2025

GRI Content Index

Statement of use	Capital Alliance Holdings Limited has reported the information cited in this GRI content index for the period 1st April 2024 to 31st March 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	2, 5
	2-2 Entities included in the organisation's sustainability reporting	10, 12 - 13
	2-3 Reporting period, frequency and contact point	2, 4
	2-4 Restatements of information	No restatements
	2-5 External assurance	4, 152-155
	2-6 Activities, value chain and other business relationships	5, 38
	2-7 Employees	94 - 100
	2-8 Workers who are not employees	68, 94 - 100
	2-9 Governance structure and composition	108 - 110
	2-10 Nomination and selection of the highest governance body	147
	2-11 Chair of the highest governance body	108 - 110
	2-12 Role of the highest governance body in overseeing the management of impacts	108 - 110
	2-13 Delegation of responsibility for managing impacts	108 - 110
	2-14 Role of the highest governance body in sustainability reporting	108 - 110
	2-15 Conflicts of interest	45 - 47, 108 - 110
	2-16 Communication of critical concerns	108 - 110
	2-17 Collective knowledge of the highest governance body	108 - 110
	2-18 Evaluation of the performance of the highest governance body	108 - 110, 147
	2-19 Remuneration policies	108 - 110, 16
	2-20 Process to determine remuneration	108 - 110, 16
	2-21 Annual total compensation ratio	Confidentiality Constraints
	2-22 Statement on sustainable development strategy	68 - 71
	2-23 Policy commitments	58 - 59, 72 - 73
	2-24 Embedding policy commitments	58 - 59, 72 - 73
	2-25 Processes to remediate negative impacts	94 - 100
	2-26 Mechanisms for seeking advice and raising concerns	124
	2-27 Compliance with laws and regulations	3, 4
	2-28 Membership associations	101 - 104
	2-29 Approach to stakeholder engagement	45 - 47
	2-30 Collective bargaining agreements	Not Applicable

GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	4, 48 -57
	3-2 List of material topics	4, 48 -57
	3-3 Management of material topics	4, 48 -57
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Not Disclosed
	201-2 Financial implications and other risks and opportunities due to climate change	24 -32
	201-3 Defined benefit plan obligations and other retirement plans	173 - 174, 204 -206
	201-4 Financial assistance received from government	Not Applicable
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not Applicable
	202-2 Proportion of senior management hired from the local community	Not Applicable
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	68 - 71
	203-2 Significant indirect economic impacts	68 - 71
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Not Applicable
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	24 - 29
	205-2 Communication and training about anti-corruption policies and procedures	88 - 89
	205-3 Confirmed incidents of corruption and actions taken	101 - 104
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	101 - 104
GRI 207: Tax 2019	207-1 Approach to tax	24 - 36
	207-2 Tax governance, control, and risk management	24 - 32
	207-3 Stakeholder engagement and management of concerns related to tax	45 - 47
	207-4 Country-by-country reporting	Not Applicable
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not Applicable
	301-2 Recycled input materials used	Not Applicable
	301-3 Reclaimed products and their packaging materials	Not Applicable
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	68, 105 - 106
	302-2 Energy consumption outside of the organisation	Not Applicable
	302-3 Energy intensity	Not Applicable
	302-4 Reduction of energy consumption	68, 105 - 106
	302-5 Reductions in energy requirements of products and services	Not Applicable
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Not Applicable
	303-2 Management of water discharge-related impacts	
	303-3 Water withdrawal	
	303-4 Water discharge	
	303-5 Water consumption	

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Not Applicable
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
	305-6 Emissions of ozone-depleting substances (ODS)	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
GRI 306: Effluents and Waste 2016	306-3 Significant spills	Not Applicable
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Not Applicable
	306-2 Management of significant waste-related impacts	
	306-3 Waste generated	
	306-4 Waste diverted from disposal	
	306-5 Waste directed to disposal	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not Applicable
	308-2 Negative environmental impacts in the supply chain and actions taken	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	68
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	94 -100
	401-3 Parental leave	94 -100
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	94 -100
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	94 -100
	403-2 Hazard identification, risk assessment, and incident investigation	94 -100
	403-3 Occupational health services	94 -100
	403-4 Worker participation, consultation, and communication on occupational health and safety	94 -100
	403-5 Worker training on occupational health and safety	94 -100
	403-6 Promotion of worker health	94 -100
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	94 -100
	403-8 Workers covered by an occupational health and safety management system	94 -100
	403-9 Work-related injuries	94 -100
	403-10 Work-related ill health	94 -100

GRI STANDARD	DISCLOSURE	LOCATION
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	94 -100
	404-2 Programs for upgrading employee skills and transition assistance programs	94 -100
	404-3 Percentage of employees receiving regular performance and career development reviews	94 -100
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	94 -100
	405-2 Ratio of basic salary and remuneration of women to men	94 -100
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	94 -100
GRI 415: Public Policy 2016	415-1 Political contributions	No Political Contributions
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	101 - 104
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	101 - 104
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not Applicable
	417-2 Incidents of non-compliance concerning product and service information and labeling	Not Applicable
	417-3 Incidents of non-compliance concerning marketing communications	Not Applicable
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	101 - 104



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INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF CAPITAL ALLIANCE HOLDINGS LIMITED ON SUSTAINABILITY INDICATORS IN THE INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2025

Conclusion

We have performed a limited assurance engagement on whether the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 has been prepared in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 (summarized in the table below) are not prepared, in all material respects, in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Limited Assurance Sustainability Indicators (Comparative numbers for the year ended 31 March 2024 not audited)		Integrated Annual Report Page
Financial Highlights		14
Our Approach Towards Sustainable Development		68 to 69
Information provided on following (Comparative numbers for the year ended 31 March 2024 not audited)		Integrated Annual Report Page
Financial Capital		82 to 87
Manufactured Capital		88 to 89
Human Capital		94 to 100
Intellectual Capital		90 to 93
Social and Relationship Capital		101 to 104
Natural Capital		105 to 106

This conclusion on the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 does not extend to any other information that accompanies the integrated report. We have read the other information, but we have not performed any procedures with respect to the other information.

Basis for conclusion

We conducted our engagement in accordance with Sri Lankan Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka (ICASL). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics).

Our firm applies Sri Lanka Standard on Quality Management 1 (SLSQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and, accordingly, maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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C. P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA

W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D. Corea Dharmaratne

Criteria Used as the Basis of Reporting

The criteria used as the basis of reporting is the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Intended purpose of our Report

We have been engaged by the Directors of Capital Alliance Holdings Limited ("the Company") to provide limited assurance on the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 (the "Integrated Report"), prepared in accordance with Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Restriction on use or distribution of our Report

This report has been prepared for the Directors of Capital Alliance Holdings Limited for the purpose of providing an assurance conclusion on the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Capital Alliance Holdings Limited, for any purpose or in any other context. Any party other than Capital Alliance Holdings Limited who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Capital Alliance Holdings Limited for our work, for this independent assurance report, or for the conclusions we have reached.

Board of Directors and Management's responsibility

The Board of Directors and Management are responsible for:

- ➞ designing, implementing and maintaining internal controls relevant to the preparation of the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 that are free from material misstatement, whether due to fraud or error.
- ➞ selecting suitable criteria for preparing the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 and appropriately referring to or describing the criteria used; and
- ➞ preparation and fair presentation of the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.
- ➞ preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.
- ➞ ensuring that staff involved with the preparation and presentation of the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Inherent Limitations in Preparing the Limited Assurance Sustainability Indicators

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in disclosures of the Sustainability Information and not be detected.

Our engagement is not designed to detect all internal control weaknesses in the preparation of the Sustainability Information because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.

Our responsibilities

We are responsible for:

- ➞ planning and performing the engagement to obtain limited assurance about whether the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 are free from material misstatement, whether due to fraud or error;
- ➞ forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and;
- ➞ reporting our conclusion to the Board of Directors.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 that is sufficient and appropriate to provide a basis for our conclusion.

Our procedures selected depended on our understanding of the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our

engagement, the procedures we performed primarily consisted of:

- ➔ interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- ➔ enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- ➔ enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025;
- ➔ enquiries about the design and implementation of the systems and methods used to collect and report the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025, including the aggregation of the reported information;
- ➔ comparing the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- ➔ reading the Sustainability Indicators in the Integrated Annual Report of Capital Alliance Holdings Limited for the year ended 31st March 2025 presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;
- ➔ reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

A limited assurance engagement is restricted primarily to enquires and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Capital Alliance Holdings Limited.



CHARTERED ACCOUNTANTS

Colombo
27th August 2025

SHAREHOLDERS' INFORMATION

LIST OF SHAREHOLDERS

Name of the Shareholder/ Company	2025		2024	
	No. of Shares	%	No. of Shares - before Share Split	%
Ashthi Holdings (Private) Limited	557,044,530	29.10%	37,136,302	29.10%
Jetwing Travels (Private) Limited	547,846,320	28.61%	36,523,088	28.61%
Mr. W A T Fernando	400,855,830	20.94%	26,723,722	20.94%
Ms. N T M S Cooray	175,310,640	9.16%	11,687,376	9.16%
Mr. K P Mannakkara	57,236,370	2.99%	3,815,758	2.99%
Mr. A D Pushparajah	53,980,410	2.82%	4,098,694	3.21%
Ms. H M S Perera	32,596,560	1.70%	2,173,104	1.70%
Mr. T Kulasinghe	22,985,025	1.20%	1,532,335	1.20%
Mr. A M Induruwage	16,834,230	0.88%	1,122,282	0.88%
Mr. U R Jonas	13,467,375	0.70%	897,825	0.70%
Yehuda Investment Holdings Limited	7,500,000	0.39%	-	-
Mr. S D K Fernando	5,507,565	0.29%	367,171	0.29%
Mr. A D Rayen	5,050,290	0.26%	336,686	0.26%
Mr. H G R De Silva	5,050,260	0.26%	336,684	0.26%
Mr. A Vijayaram	5,050,260	-	336,684	0.26%
Mr. L H S L Silva	5,050,260	0.26%	336,684	0.26%
Mr. H Sritharan	-	-	112,228	0.09%
Ms. P R Wijesundara	1,500,000	0.08%	100,000	0.08%
Mr. N R Goonasekera	1,125,000	0.06%	-	-
Mr. U L B Ariyaratna	558,420	0.03%	-	-
Total	1,914,549,345	100.00%	127,636,623	100.00%

ANALYSIS OF SHARE HOLDINGS BY SIZE

As at 31st March 2025

Shareholding	Resident			Non-Resident			Total		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
1-1000									
1,001-10,000									
10,001-100,000	1	558,420	0.03%				1	558,420	0.03%
10,0001-1,000,000									
Over 1,000,000	18	1,906,490,925	99.58%	1	7,500,000	0.39%	19	1,913,990,925	99.97%
Total	19	1,907,049,345	99.61%	1	7,500,000	0.39%	20	1,914,549,345	100.00%

As at 31st March 2024 (Before Share Split)

Shareholding	Resident			Non-Resident			Total		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
1-1000									
1,001-10,000									
10,001-100,000	1	100,000	0.08%				1	100,000	0.08%
10,0001-1,000,000	7	2,723,962	2.13%				7	2,723,962	2.13%
Over 1,000,000	9	124,812,661	97.79%				9	124,812,661	97.79%
Total	17	127,636,623	100.00%				17	127,636,623	100.00%

SHAREHOLDERS' INFORMATION

ANALYSIS OF SHARE HOLDINGS BY CATEGORY:

Categories of Shareholders	No. of Shareholders	31 March 2025		No. of Shareholders	31 March 2024	
		No. of Shares	%		No. of Shares before Share Split	%
Individual	17	802,158,495	41.90%	15	73,659,390	57.71%
Institutional	3	1,112,390,850	58.10%	2	53,977,233	42.29%
Total	20	1,914,549,345	100.00%	17	127,636,623	100.00%

Categories of Shareholders	No. of Shareholders	31 March 2025		No. of Shareholders	31 March 2024	
		No. of Shares	%		No. of Shares before Share Split	%
Resident	19	1,907,049,345	99.61%	17	127,636,623	100.00%
Non-Resident	1	7,500,000	0.39%	-	-	-
Total	20	1,914,549,345	100.00%	17	127,636,623	100.00%

SHAREHOLDING OF THE DIRECTORS/ CHIEF EXECUTIVE OFFICER:

Name of the Director	Designation	As at 31st March 2025 No. Shares	As at 31st March 2024 No. of Shares before Share Split
Mr. D A De Zoysa	Chairman	Nil	Nil
Mr. W A T Fernando	Director	400,855,830	26,723,722
Mr. R J Arasaratnam	Director	Nil	Nil
Ms. N T M S Cooray	Director	175,310,640	11,687,376
Mr. T J William	Director	Nil	Nil
Mr. C S R S Anthony	Director	Nil	Nil
Ms. R S Jayasuriya	Director	Nil	Nil
Ms. W T V Perera	Director	Nil	Nil
Ms. K A Chellaraja	Director	Nil	Nil
Mr. K P Mannakkara*	Chief Executive Officer	57,236,370	3,815,758

*Appointed as an Executive Director w.e.f. 24th July 2025.

BASIS OF RATIOS

Ratio	Definition
Earnings per share (EPS) (Rs.)	Profit/loss attributable to ordinary shareholders / Average number of shares
Net assets value per share (NAPS) (Rs.)	Total shareholders' equity / Average number of shares
Dividend per Share (Rs.)	Total Gross Dividend (Proposed) / Number of Shares as at the reporting date
Dividend yield (%)	Dividend per ordinary share / Market price per share X 100
Dividend cover (Times)	Profit/loss attributable to ordinary shareholders / Total dividend paid to shareholders
Dividend payout (%)	Total dividend paid to shareholders / Profit/loss attributable to ordinary shareholders X 100
Earnings yield (%)	Earnings per share / Market price per share x 100
Return on equity (ROE) (%)	Profit/loss attributable to ordinary shareholders/ Average shareholders' equity X 100
Return on asset (ROA) (%)	Profit/loss attributable to ordinary shareholders / Average total assets X 100
Debt to equity (Times)	Borrowings / Total shareholders' equity
Cost to income ratio (%) (Excluding VAT on FS)	Total operating cost without VAT on financial services / Total operating income X 100
Net interest margin (%)	Net interest income / Average total assets x 100
Capital adequacy ratio (%)	Tier 1 & Tier 11 capital / Total risk weighted assets
Cost to income ratio (times)	Total expenses / Total income
Debt to equity ratio (times)	Total debt/ Total equity
Interest cover (times)	Profit before interest and tax expense / Interest expenses
Net profit margin (%)	Profit / (loss) for the year / Income
Operating profit margin (%)	Operating profit / (loss) for the year/ Income

GLOSSARY OF FINANCIAL TERMINOLOGY

A

Accounting Policies

The specific principles, bases, conventions, rules, and practices adopted by an entity in preparing and presenting financial statements.

Accrual Basis

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

Actuarial Gain/ (Loss)

The differences between an employer's actual pension payments relative to the expected payments.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Amortised Cost

The amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or uncollectability.

Asset

A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.

Asset Backed Securitisations

Short or long-term financial securities which are backed by financial assets and also referred to Securitisations.

B

Basis Points

A standard measure for interest rates and other percentages in finance. One basis point equals 1/100th of 1%, or 0.01%.

C

Capital adequacy ratio (CAR)

A measure of a Primary Dealer's capital and is a prudential requirement reflecting the dealer's level of stability. Two categories of capital are measured by the CAR namely Tier 1 and Tier 2.

- ⊕ Tier 1 capital in view of local Primary Dealers consists of shareholders' equity, retained earnings or other surpluses and preference shares types as selectively set out by the Central Bank of Sri Lanka.
- ⊕ Tier 2 capital includes revaluation reserves, subordinated term debt, perpetual subordinated debt and cumulative preference shares as selectively set out by the Central Bank of Sri Lanka.

Capital Employed

The sum of shareholders' equity and debt Capital denoting the total amount of capital used in the acquisition of profits.

Capital Reserves

The profits of a company which (for various reasons) are not regarded as distributable to shareholders as dividends. These include gains on the revaluation of capital assets.

Cash Equivalents

Short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Commercial Paper

A short term unsecured promissory note issued in the open market by quoted public companies representing an obligation of the issuing entity.

Contingent Liabilities

Conditions or situations at the reporting date, the financial effects of which are to be determined by future events which may or may not occur.

Control

The power over an investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its powers over the investee to affect the amount of the investor's returns.

Corporate Governance

The Process by which corporate entities are governed to promote stakeholder interest. Shareholders exert collective pressure on management to ensure equitable decision making on matters that may affect the value of their holdings and base their response on statutory requirements or on so called "Best Practice".

Cost Method

Cost method is a method of accounting for an investment whereby the investment is recognised at cost. The investor recognises income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

Credit rating

An evaluation of a corporate's ability to repay its obligations or likelihood of not defaulting, carried out by an independent rating agency.

Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

D

Debt Market

This also refers to as the bond market. A financial market where participants can issue new fixed income securities, known as the primary market, or buy and sell fixed income securities, known as the secondary market.

Deferred Tax

Sum set aside in the financial statements that may become payable/receivable in a financial year other than the current financial year. It arises because of temporary differences between tax rules and accounting conventions.

De-recognition

Removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

Derivatives

A derivative is a financial instrument or other contract, the value of which changes in response to some underlying variable (e.g. an interest rate), that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable, and that will be settled at a future date.

Dividend Cover

Profit after tax divided by gross dividends. This measures the number of times the dividend is covered by distributable profits.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

Dividend Payout

It is the percentage of earnings paid to shareholders in dividends.

Dividend yield

Dividend earned per share as a percentage of its market value.

E

Earnings Per Share

Profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue.

Effective Interest Method

A method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Events Occurring After the Reporting Period

Significant events that occur between the reporting date and the date on which financial statements are authorised for issue.

Equity Instrument

Equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities

Expected Credit Losses

Expected credit losses are a probability – weighted estimate of credit losses over the expected life of the financial instrument.

- ➔ 12 Month expected Credit Losses: The portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.
- ➔ Lifetime Expected Credit Losses: The expected credit losses that result from all possible default events over the expected life of a financial instrument.

F

Fair Value

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.

Financial Assets Recognised through profit or loss -measured at fair value

These financial assets are held within a business model with the objective to sell financial assets.

Financial Assets at Amortised cost

These financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. These assets are tested for impairment.

Financial Assets - fair value through other comprehensive income

These financial assets are held within a business model with the objective to both hold financial assets in order to collect contractual cash flows and sell financial assets.

Financial Asset or Financial Liability at Fair Value through Profit or Loss

Financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as 'at fair value through profit or losses'.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Fixed Income Securities

Securities whose current income is fixed or based on some underlying index. These are also known as debt securities since they represent a fixed obligation of the company unlike equity, which pays dividends only when the company makes profits.

G

Gross Dividends

The portion of profit inclusive of tax withheld distributed to shareholders.

Guarantee

A promise made for a fee by a third party (Guarantor), who is not a party to the contract between two others, that the guarantor will be liable if one of the parties fails to fulfil the contractual obligations.

I

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Impairment Allowances

Impairment allowances are provisions held on the Statement of Financial Position as a result of the raising of a charge against profit for the incurred loss. An impairment allowance may either be identified or unidentified and individual (specific) or collective respectively.

Intangible Asset

An identifiable non-monetary asset without physical substance held for use in the production/supply of goods/ services or for rental to others or for administrative purposes.

GLOSSARY OF FINANCIAL TERMINOLOGY

Interest Rate Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Cover

A ratio showing the number of times interest charges is covered by earnings before interest and tax.

Initial Public Offering (IPO)

The first sale of a company's shares to the public, leading to the listing of its shares on the stock market.

Issue

The issuance of new shares for sale to public by a company that has already held its Initial Public Offering (IPO).

K

Key Management Personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

L

Lease

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Liabilities

Debt or obligations of a business.

Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Listed

A company or its financial securities which are admitted for trading on a stock exchange.

Loans and Receivables

Non derivative financial assets with fixed or determinable payments that are not quoted in an active market other than

those intends to sell immediately or in the near term and designated as fair value through profit or loss or available for sale on initial recognition.

M

Market Value per Share

The price at which an ordinary share is transacted in the stock market.

Market Capitalisation

The market value of a company at a given date obtained by multiplying the share price by the number of issued shares.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of financial statements.

N

Net Assets Per Share (NAV)

Net assets (total assets fewer total liabilities) divided by the number of shares issued.

O

Operational Risk

The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

P

Policy Rates

The rates that are used by a central bank to implement or signal its monetary policy stance. The Central Bank of Sri Lanka uses the Standing Deposit Facility Rate and Standing Lending Facility Rate as policy rates.

Primary Dealer

A dealer in government securities licensed by the Central Bank of Sri Lanka.

R

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related Party Transactions

A transfer of resources, services, or obligations between related parties, regardless of whether a price is charged or not.

Repurchase Agreement

An agreement (Repo for short) is the simultaneous sale and repurchase of a security on different settlement dates.

Reverse Repurchase Agreement

An agreement (Reverse Repo for short) is the simultaneous purchase and resale of a security on different settlement dates.

S

Shareholders' Funds

The Shareholders funds consist of issued and fully paid ordinary share capital plus capital and revenue reserves.

Statutory Reserve Requirement (SRR)

A sum equivalent to 10% of profit after tax of a primary dealer has been transferred to Special Risk Reserve in accordance with the Directions issued by the Central Bank of Sri Lanka.

T

Transaction Costs

Incremental costs which are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

U

Unlisted

A financial instrument that is not traded on a stock exchange. This also refers to a company that has not been admitted to the stock exchange or acquired 'listed' status.

Y

Yield Curve

The graphical depiction of the relationship between the yield on Treasury securities and the corresponding period.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of Capital Alliance Holdings Limited (the Company) will be held as a virtual meeting on 29th September 2025 at 10.30 a.m., to conduct the following business at an AGM, as set out in the detailed Notice of Meeting available on the Corporate website of the Company https://cal.lk/wp-content/uploads/2025/08/notice_of_meeting_calh_agm_2025.pdf:

AGENDA

1. Notice of Meeting.
2. To receive and consider the Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2025 together with the Report of the Auditors thereon.
3. To re- elect as a Director, Mr. C S R S Anthony, who will be retiring from the Board by rotation in terms of Articles 78 & 79 of the Articles of Association of the Company.
4. To re- elect as a Director, Ms. N T M S Cooray, who will be retiring from the Board by rotation in terms of Articles 78 & 79 of the Articles of Association of the Company.
5. To re- elect as a Director, Mr. R.J. Arasaratnam, who will be retiring from the Board by rotation in terms of Articles 78 & 79 of the Articles of Association of the Company.
6. To re-elect Mr. K P Mannakkara, who was appointed to the Board on 24th July 2025, as a Director in terms of Article 85 of the Articles of Association of the Company.
7. To re-appoint Messrs. KPMG Sri Lanka, Chartered Accountants, as the Auditors of the Company for the ensuing year and authorize the Directors to determine their remuneration.
8. To authorize the Board of Directors to determine contributions to charities and other donations for the year 2025/26.

Special Business

9. To consider and if deemed fit, to pass the following resolution as an Ordinary Resolution:

Approval of Investment in Convertible Redeemable Preference Shares of Finnovation (Private) Limited.

“RESOLVED THAT the shareholders hereby approve the investment by Capital Alliance Holdings Limited (“the Company”) in the sum of Rs. 2,535 million in Convertible Redeemable Preference Shares of Finnovation (Private) Limited, a wholly owned subsidiary of the Company.”

FURTHER RESOLVED THAT the purpose of the said investment shall be to support the expansion of the Company through investing in Financial Instruments, thereby enhancing the long-term growth and diversification strategy of the Group.

FURTHER RESOLVED THAT any two Directors and/or the Company Secretary of the Company be and is hereby, authorized to take all necessary steps, execute documents, and do all acts and things as may be required to give effect to this resolution.”

BY ORDER OF THE BOARD OF DIRECTORS OF
CAPITAL ALLIANCE HOLDINGS LIMITED

S S P CORPORATE SERVICES (PRIVATE) LIMITED

SECRETARIES

Colombo, Sri Lanka.

27th August 2025

Notes:

1. A shareholder entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote on his/her behalf.
2. A form of proxy accompanies this notice.

The Annual Report of the Company is available on the;

- 1) Corporate Website of the Company - Annual Report for Year Ended 31st March 2025

https://cal.lk/wp-content/uploads/2025/08/calh_annual_report_2025.pdf and the website of the CSE <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=CALH.N0000>

- 2) Members may also access the Annual Report and Financial Statements on their mobile phones by scanning the following QR code



Notes

FORM OF PROXY

I/We*(please indicate full name) holder of

NIC No. of being a member/*members of Capital

Alliance Holdings Limited hereby appoint: Mr/Ms (please indicate full name)

holder of NIC No. of or failing him/her

Mr. D A De Zoysa	of Colombo or failing him
Mr. W A T Fernando	of Colombo or failing him
Ms. N T M S Cooray	of Colombo or failing her
Mr. R J Arasaratnam	of Colombo or failing him
Mr. C S R S Anthony	of Colombo or failing him
Mr. T J William	of Colombo or failing him
Ms. R S Jayasuriya	of Colombo or failing her
Ms. W T V Perera	of Colombo or failing her
Ms. K A Chellaraja	of Colombo or failing her
Mr. K P Mannakkara	of Colombo

as my/*our Proxy to represent me/*us and to vote as indicated below on my/*our behalf at the Annual General Meeting of the Company to be held on 29th September 2025 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

	FOR	AGAINST
(1) To receive and consider the Report of the Directors and the Statements of Accounts for the year ended 31st March 2025 together with the Report of the Auditors thereon.		
(2) To re- elect Mr. C S R S Anthony as a Director, who will be retiring from the Board by rotation in terms of Articles 78 & 79 of the Articles of Association of the Company.		
(3) To re- elect Ms. N T M S Cooray, as a Director who will be retiring from the Board by rotation in terms of Articles 78 & 79 of the Articles of Association of the Company.		
(4) To re- elect Mr. R.J. Arasaratnam, as a Director who will be retiring from the Board by rotation in terms of Articles 78 & 79 of the Articles of Association of the Company.		
(5) To re-elect Mr. K P Mannakkara as a Director, who was appointed to the Board on 24th July 2025, in terms of Article 85 of the Articles of Association of the Company.		
(6) To re-appoint Messrs. KPMG Sri Lanka, Chartered Accountants, as the Auditors of the Company for the ensuing year and authorize the Directors to determine their remuneration.		
(7) To authorize the Board of Directors to determine contributions to charities and other donations for the year 2025/26.		
(8) To adopt the Ordinary Resolution as set out in the Notice of the Meeting.		

As witness my/our hand set hereto this day of Two Thousand and Twenty Five .

Signature

Note:

Instructions as to completion are given below. Please delete the words which are not applicable and mark 'X' in the appropriate cages to indicate your instructions as to voting.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name, NIC no., address, instructions as to voting and by signing and filling in the date of signature in the space provided.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given, the Proxy in his/her discretion may vote as he/she thinks fit.
3. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the Company, Level 5, "Millennium House", 46/58, Nawam Mawatha, Colombo 2, not less than 48 hours before the time appointed for holding the Meeting.
4. If the Shareholder is a Company or a body corporate, a form of Corporate Representation executed under the Common Seal in accordance with the Articles of Association or the Constitution should be submitted.
5. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of proxy.
6. In case of Margin Trading Accounts (Slash Accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/ Banker with whom the account is maintained.

CORPORATE INFORMATION

Name of the Company

Capital Alliance Holdings Limited

Registered Office

Level 5, "Millennium House"
46/58, Navam Mawatha,
Colombo 2, Sri Lanka.
Tel: +94 11 231 7777
Fax: +94 11 231 7788
E Mail: info@cal.lk
URL: www.cal.lk

Legal Form

Date of Incorporation: 20 March 2003

Company Registration No.

PB1456

Taxpayer Identification Number (TIN)

134010657

Accounting Year End

31st March

Board of Directors

Mr. D A De Zoysa
Chairman, Non-Executive
Non-Independent Director

Mr. W A T Fernando
Non-Executive Non-Independent
Director

Ms. N T M S Cooray
Non-Executive Non-Independent
Director

Mr. R J Arasaratnam
Non-Executive Non-Independent
Director

Mr. T J William
Non-Executive Independent Director

Ms. R S Jayasuriya
Non-Executive Independent Director

Mr. C S R S Anthony
Non-Executive Non-Independent
Director

Ms. K A Chellaraja
Non-Executive Independent Director

Ms. W T V Perera
Non-Executive Independent Director

Mr. K P Mannakkara
Non -Independent Executive Director
(Appointed w.e.f. 24th July 2025)

Audit Committee

Ms. W. T. V. Perera
Chairperson, Non-Executive
Independent Director

Mr. C. S. R. S. Anthony
Non-Executive Non-Independent
Director

Ms. K.A. Chellaraja
Non-Executive Independent Director

Related Party Transactions Review Committee

Ms. K.A. Chellaraja
Chairperson, Non-Executive
Independent Director

Mr. C. S. R. S. Anthony
Non-Executive Non-Independent
Director

Ms. W.T.V. Perera
Non-Executive Independent Director

Risk Management Committee

Mr. T. J. William
Chairman, Non-Executive Independent
Director

Mr. C. S. R. S. Anthony
Non-Executive Non-Independent
Director

Mr. D. A. De Zoysa
Non-Executive Non-Independent
Director

Remuneration Committee

Ms. K.A. Chellaraja
Chairperson, Non-Executive
Independence Director

Ms. R. S. Jayasuriya
Non-Executive Independence Director

Mr. D. A. De Zoysa
Non-Executive Non-Independence
Director

Ms. N. T. M. S. Cooray
Non-Executive Non-Independence
Director

Mr. W. A. T. Fernando
Non-Executive Non-Independence
Director

External Auditors

Messer. KPMG, Chartered Accountants
32A, Sir Mohamed Macan Marker
Mawatha
Colombo 03
Sri Lanka
Tele: +94 11 542 6426
Fax: +94 11 244 5872
+94 11 244 6058

Internal Auditors

Messer. Ernst & Young
Rotunda Towers,
No. 109, Galle Road,
Colombo 03
Sri Lanka
Tele: +94 11 246 3500
Fax: +94 11 269 7369

Company Secretaries & Registrars

SSP Corporate Services (Pvt) Limited
101, Inner Flower Road
Colombo 03
Sri Lanka
Tele: +94 11 257 3894
Fax: +94 11 257 3609
Email: sspsec@sltnet.lk

Bankers

Seylan Bank PLC
Sampath Bank PLC
Union Bank of Colombo PLC
Nations Trust Bank PLC
Commercial Bank of Ceylon PLC
DFCC Bank PLC
National Development Bank PLC

Lawyers

F J & G de Saram
Attorneys-at-Law
216, de Saram Place
Colombo 10
Sri Lanka
Tele: +94 11 460 5100
Fax: +94 11 471 8220 +94 11 2677 863
Email: fgdesaram@fgdesaram.com



CAPITAL ALLIANCE HOLDINGS LIMITED
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