



**Melstacorp**  
RESPONSIBLE DIVERSITY

**ENDURANCE**  
**COURAGE**  
**LONGEVITY**  
**MULTIPLICITY**



# ENDURANCE COURAGE LONGEVITY MULTIPLICITY

The journey of our organisation has been marked by four exceptional qualities: Endurance, Courage, Multiplicity, and Longevity. Every challenge we have faced has moulded us, made us more determined to succeed and given us strength to move onward and upwards

This spirit of Endurance has enabled us to forge ahead, defy challenges, and emerge stronger, making significant progress towards our goals. With courage, we have realigned our strategies and seized new opportunities in adverse situations. By harnessing the power of Multiplicity, we have assembled dynamic teams that enrich our organisational DNA and move us forward. Our Longevity is based on our commitment to quality, sustainability, and dedication to long-term success.

These four attributes have been pivotal in shaping our organisation's journey. With these qualities as our guiding principles, we are confident in our ability to seize emerging opportunities and to benefits our workforce, customers and shareholders.

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# HIGHLIGHTS OF THE YEAR

## Fitch Ratings

**January 2023**



Service, redefined.

Fitch Ratings has affirmed Continental Insurance Lanka Limited's National Insurer Financial Strength (IFS) rating of A-(Ika) with Rating Watch Negative (RWN).

**September 2022**



Fitch Rating has affirmed for Melstacorp a National Long Term Rating of "AAA (Ika)" with Stable Outlook.

**September 2022**



Fitch Rating has assigned a rating for DCSL a National Long Term Rating of "AAA (Ika) with Stable Outlook."

## Business Today – Top 40 Corporates

**April 2023**



Melstacorp awarded ranked No. 04 in the Business Today's top corporate recognition awards 2021-22.



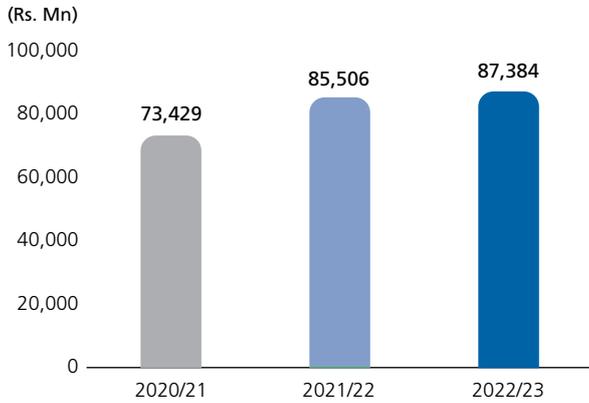
DCSL awarded ranked No.13 in the Business Today's top corporate recognition awards 2021-22.



# FINANCIAL HIGHLIGHTS

		2023	2022	2023	2022
		Group	Group	Company	Company
<b>SUMMARY OF RESULTS</b>					
Gross Turnover	Rs. Mn	247,261	182,990	259	264
Excise Duty	Rs. Mn	69,179	76,919	-	-
Net Turnover	Rs. Mn	178,082	106,071	259	264
Profit After Tax	Rs. Mn	22,968	17,635	5,378	7,141
Shareholders' Funds	Rs. Mn	98,456	87,313	91,714	91,699
Working Capital	Rs. Mn	11,917	5,705	(3,192)	(2,600)
Total Assets	Rs. Mn	334,482	311,947	101,745	107,685
Staff Cost	Rs. Mn	25,606	18,055	131	93
No. of Employees		21,132	22,765	34	36
<b>PER SHARE</b>					
Basic Earnings	Rs.	14.78	9.41	4.62	6.13
Net Assets	Rs.	84.48	74.92	78.70	78.69
Dividends	Rs.	6.76	5.40	6.76	5.40
Market Price - Year End	Rs.	54.80	41.00	54.80	41.00
High	Rs.	61.60	68.00	61.60	68.00
Low	Rs.	29.50	39.50	29.50	39.50
<b>RATIOS</b>					
Price Earnings	times	4	4	12	7
Return on Shareholders' Funds	%	23.3	20.2	5.9	7.8
Current Ratio	times	1.1	1.1	0.6	0.8
Interest Cover	times	3.8	4.9	3.9	13.5
Debt to Equity	%	72	76	8	12
Debt to Total Assets	%	32.4	33.2	7.5	10.0
Dividend Payout	%	45.7	57.4	146.3	88.1
Dividend Yield	%	12.3	13.2	12.3	13.2

### Taxes Paid - Group

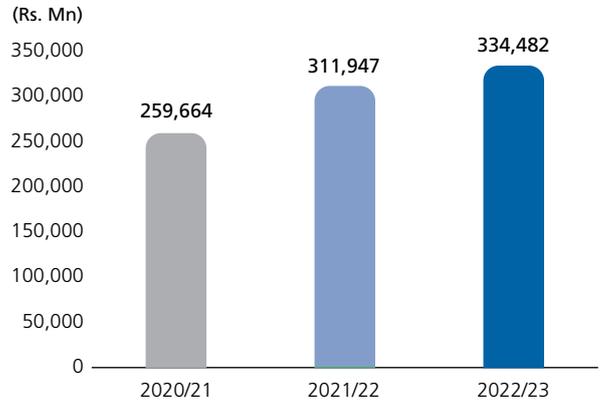


Rs. Million

**87,384**

Taxes Paid - Group

### Total Assets - Group

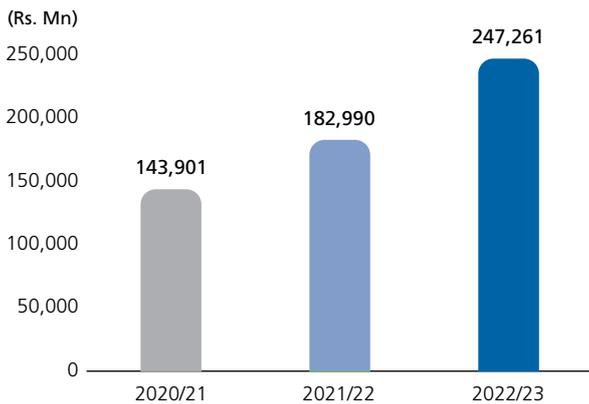


Rs. Million

**334,482**

Total Assets - Group

### Gross Turnover - Group

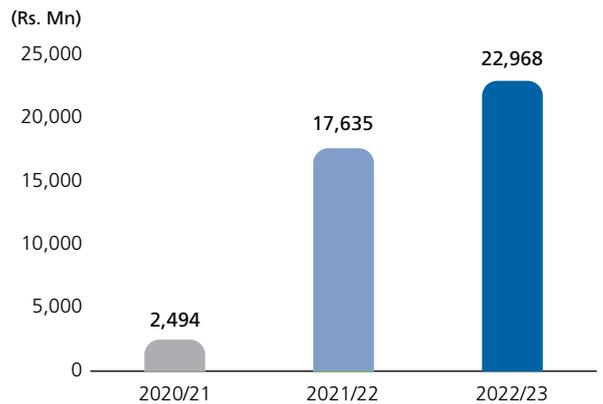


Rs. Million

**247,261**

Gross Turnover - Group

### Profit After Tax - Group



Rs. Million

**22,968**

Profit After Tax - Group

# OUR BUSINESSES



Distillation, Manufacture and Distribution of Liquor Products



**Beverages**



**Plantations**



Cultivation and Processing of Tea and Rubber



Voice, Data, Broadband, Hardware, Software and Networking Solutions



**Telecommunication**



**Insurance**



General Insurance Services



Tourism, Maritime and  
Logistics, Strategic  
Investments and Services

Diversified

## Bogo Power

Hydropower Generation



Power Generation



Automobile Servicing

Logistics

# OUR BUSINESSES



Hotels and Hospitality



Leisure



Information Technology



Oracle Applications, Mobile Applications, Digitisation



Dyeing and Printing Fabric



Textiles



Construction Support Services

**MELSTA GAMA**  
Cement Packing Plant



BPO, KPO, Call Centre and Software Solutions



**BPO Services & Business Solutions**



**Multi-specialty General Hospital**



**Laboratory Services**



**Pharmaceuticals**



# CHAIRMAN'S STATEMENT



**“Despite the macroeconomic challenges, Melstacorp Group was able to record a profit after tax of Rs. 23 billion during the year.”**

Dear Shareholder,

It is with immense pleasure, I share with you the annual report of Melstacorp PLC for the year ended 31st March 2023.

The Sri Lankan economy experienced its worst downturn during the year under review. The overall economy contracted by 7.8% in year 2022. The rapidly declining foreign reserves forced the Government to default on its foreign debt repayments and impose rigorous restrictions on importation of goods which snowballed into a severe shortage of imported necessities in the island. The heightening difficulties in sourcing the bare necessities and the cost of living constraints led to significant public and social turmoil. However, the encouraging trends in inflation during the second half of the year has been a welcome change. We remain hopeful that the economy is headed towards recovery with policy interventions targeting exchange and interest rate movements.

### Group Performance

Despite the macroeconomic challenges, I'm pleased to announce that the Melstacorp Group was able to record a profit after tax of Rs. 23 billion during the year under review in comparison to Rs. 17.6 billion recorded during the previous year, which is an increase of 30% over the past year. The substantial increase in the Group's profit was mainly due to the valuable contribution from DCSL PLC, which recorded an impressive Rs. 18.8 billion in net profit, and due to the contribution from our diversified sector subsidiary Aitken Spence PLC which recorded a net profit of Rs 8.1 billion. A notable contribution was also made by our financial sector subsidiary Continental Insurance Limited which contributed Rs. 2.1 billion in net profit.

The Group contributed a staggering Rs. 87 billion as taxes during the year which is indicative of an increase of 2% in comparison to previous year's contribution of Rs. 85 Billion.

We are pleased to report, that the Group has maintained the "AAA" (Ika) Fitch Rating with a Stable Outlook, which indicates the continued ability of the Group to withstand challenging business conditions.

### Beverage Sector

The beverage industry has long been the centerpiece of our Group, considerably and sustainably contributing to the Group's profitability. In line with prior years, our beverage sector businesses DCSL and Periceyl contributed significantly despite unexpected rise in taxes by threefold and in the cost of input materials. The beverage sector revenue increased to Rs. 129 billion compared to Rs. 112 billion in the previous year. The sector profit before tax also increased to Rs. 31.7 billion compared to Rs. 13.9 billion recorded in the previous year.

### Plantation Sector

The plantation sector faced many issues including adverse weather conditions, constant increases in the cost of labour and ban in chemicals and fertiliser coupled with the sharp rise in finance cost.

The negative repercussions of the ban of chemical fertiliser coupled with restrictions of importing weedicides severely affected the production of tea resulting in lower production of tea by the two (02) plantation subsidiaries in comparison to the previous year(s). The devaluation of the Sri Lankan Rupee, however, resulted in an increase in the

Rs. Billion

87

Taxes Paid

Rs. Billion

334

Total Assets

Rs. Billion

23

Profit After Tax

reported revenue. The overall revenue increased to Rs. 10.2 billion from Rs. 7.1 billion in the prior year, contributing to an overall profitability of Rs. 2.9 billion compared to the Rs. 46 million loss in the previous year. Balangoda Plantation PLC successfully completed a rights issue for Rs. 2 billion during the year via which the Company managed to settle all term debt funding resulting in a significantly lower finance cost.

### Telecommunication Sector

The telecommunication sector continues to have an adverse impact on the overall performance of the Group with declining revenues and sizable losses being incurred. The Group is in the process of divesting from this business.

# CHAIRMAN'S STATEMENT

**“Melstacorp Group’s ratings of “AAA” (Ika) Fitch Rating with a Stable Outlook, indicates the continued ability of the Group to withstand challenging business conditions.”**

Rs.  
**6.76**  
Dividends Per Share

Rs. Billion  
**247**  
Turnover

**21,132**  
Employees

## Financial Sector

The Group's general insurance arm, Continental Insurance recorded a commendable growth and achieved a remarkable profit before tax of Rs. 2.3 billion during the year amidst the current economic downturn. The Group continued to benefit from this business with sizable dividends being received during the year. Continental's success during the year was accomplished despite the challenges posed by the likes of increased costs driven by inflationary pressures and the import ban of motor vehicles. During the year, Continental Insurance expanded its footprint within the sector by venturing into life insurance business in Sri Lanka. With the constant support of its stable “AAA” Fitch Rated parent company Melstacorp PLC, I have no doubt that “Continental Insurance Life” will succeed and become a leader in the life insurance market.

## Diversified Sector

Our main subsidiary in this sector, Aitken Spence PLC produced a profit after tax of Rs. 8.1 billion compared to Rs. 12.2 billion in the previous year. The profits were reported despite the high levels of uncertainty and volatility that prevailed during the year under review. Most segments of the diversified portfolio contributed positively to the bottom line and delivered positive returns to shareholders. Overseas operations account for 76% of the profit after tax with a strong bottom-line growth demonstrated by the maritime & freight logistics and the tourism sectors. Performance of Sri Lankan operations was also commendable as it contributed a profit after tax of Rs.1.9 billion during the year.

## Healthcare

The Group's main healthcare services provider, Melsta Hospital in Ragama delivered an impressive growth in performance during the year. Melsta Hospitals possess state-of-art technology and currently performs the total range of urological and surgical procedures including live kidney transplants. In addition, further investments were made into a gastro-intestinal (GI) centre with cutting-edge technology and industry-standard infrastructure.

## Dividends

I am pleased to announce that in line with our dividend policy, your Board of Directors declared three interim dividends totalling to Rs. 6.76 per share for the year 2022/23.

## Compliance

The Company has complied with all relevant provisions of the Code of Best Practice of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL), and the Securities and Exchange Commission of Sri Lanka (SEC). We are committed to uphold best Corporate Governance principles and practices. The measures taken in this regard are set out in the Corporate Governance Report.

## Appreciation

I extend my heartfelt appreciation to the Board of Directors for their generous support. I would also like to take this opportunity to thank our CEOs, managers, and all of the staff at Melstacorp PLC and the affiliated companies within the Group for their

dedicated commitment and hard work rendered towards the success of the Group throughout these trying times. I would also like to thank our valued shareholders and other stakeholders for their continued trust and confidence in the Group. Finally, I would like to express my gratitude to our loyal customers for their continuous patronage of our products and services.

I am pleased to welcome Ms. Stasshani Jayawardena, Mr. Damien Fernando, Mr. Sampath Perera and Mr. Reyaz Mihular to our Board of Directors. I am confident that their diverse backgrounds and the wealth of experience will certainly contribute to the growth and success of our organisation.

During the year, the Board was deeply saddened at the passing away of our director Mr. Ranjeevan Seevaratnam who was also the chairman of the Audit Committee and the Related Party Transaction Review Committee. On behalf of the Board, I place on record the Company's appreciation towards the invaluable contribution by Mr. Seevaratnam during his tenure as a Director of the Company.



**D. H. S. Jayawardena**  
Chairman

31 August 2023

# BOARD OF DIRECTORS



**Mr. D. H. S. Jayawardena**  
Chairman



**Mr. M. A. N. S. Perera**  
Managing Director



**Mr. C. R. Jansz**  
Executive Director



**Mr. N. De S. Deva Aditya**  
Independent Non-Executive Director



**Mr. K. J. Kahanda**  
Non-Executive Director



**Dr. A. N. Balasuriya**  
Independent Non-Executive Director



**Mr. D. Hasitha S. Jayawardena**  
Non-Independent Non-Executive Director



**Ms. D. S. T. Jayawardena**  
Non-Independent Non-Executive Director



**Mr. Damien Fernando**  
Executive Director



**Mr. M. R. Mihular**  
Independent Non-Executive Director



**Ms. V. J. Senaratne**  
(Alternate Director to Mr. N. De. S. Deva Aditya)

# BOARD OF DIRECTORS

## **Mr. D. H. S. Jayawardena** **Chairman**

Mr. Harry Jayawardena is one of the most successful and prominent business magnates in Sri Lanka. He was elected Chairman of the DCSL Group in 2006 after serving as its Managing Director for almost two decades. He heads many successful ventures in diversified fields of business.

He is the founder Director and the present Chairman / Managing Director of the Stassen Group of Companies. He is the Chairman of Lanka Milk Foods (CWE) PLC., Milford Exports (Ceylon) (Pvt) Ltd., Ceylon Garden Coir (Pvt) Ltd., Ambewela Products (Pvt) Ltd., Ambewela Livestock Co. Ltd., Danish Dairy Products Lanka (Pvt) Ltd., Lanka Dairies (Pvt) Ltd., Aitken Spence PLC., Aitken Spence Hotel Holding PLC., Balangoda Plantations PLC., Madulsima Plantations PLC., Browns Beach Hotels PLC., Lanka Bell Ltd., Periceyl (Pvt) Ltd., Bogo Power (Pvt) Ltd., Texpro Industries Ltd., Melsta Health (Pvt) Ltd and Melsta Gama (Pvt) Ltd.

He is a former Director of Hatton National Bank PLC., the largest listed bank in Sri Lanka and former Chairman of Ceylon Petroleum Corporation and SriLankan Airlines.

Mr. Jayawardena is the Honorary Consul for Denmark and was honoured with the prestigious ‘Knight’s Cross of Dannebrog’ by Her Majesty, Queen Margrethe II of Denmark, for his significant contribution to the Danish arts, sciences and business life.

He has also been awarded the title, ‘Deshamanya’ in recognition of his services to the Motherland, since November 2005.

## **Mr. M. A. N. S. Perera** **FCA, MBA** **Managing Director**

Mr. Perera is an experienced professional with a diverse background in finance, investment, and strategic leadership. He joined the Board of Melstacorp PLC as the Managing Director in January 2023. He also serves as a Board member for Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Distilleries Company of Sri Lanka PLC and Browns Beach Hotels PLC.

Mr. Perera holds an MBA from the University of Cambridge and is a Fellow of the Institute of Chartered Accountants, Sri Lanka. He is also a Certified Management Accountant and has other qualifications and exposure to investment and financial strategy, risk management and international tax planning.

Having started his UK career with PWC London he spent close to two decades in London’s financial and technology hub. During this time, he led and contributed to strategic projects with global top tier banks such as JP Morgan, ING, Bank of Montreal, National Australia Bank, and BNP Paribas. Notably, he played a crucial role in establishing two international investment banks and a FinTech banking institution in London. During his tenure, he assumed various leadership positions including Finance Director, Chief Financial Officer, Head of Strategy, and part-time Chief Risk Officer.

Mr. Perera possesses extensive experience in financial and investment strategy, specializing in restructuring, turnaround, mergers and acquisitions, and leading strategic and economic research initiatives. His professional endeavours have taken him across Europe, Asia, the Americas, the Middle East, and Southern Africa, accumulating over 25 years of international expertise.

## **Mr. C. R. Jansz** **Executive Director**

Mr. Jansz is a Director of Stassen Group, Distilleries Company of Sri Lanka PLC, Lanka Milk Foods Group & Aitken Spence PLC. He is the Chairman of Melsta Hospitals Ragama (Pvt) Ltd. and Melsta Hospitals Colombo North (Pvt) Ltd.

He has been the Chairman of DFCC Bank and the Sri Lanka Shippers Council.

Mr. Jansz holds a Diploma in Banking and Finance from London Metropolitan University, UK. He is a Chevening Scholar and an UN-ESCAP Certified Training Manager on Maritime Transport for Shippers.

Mr. Jansz specialises in the movement and finance of international trade.

### **Mr. N. de S. Deva Aditya**

DL, FRSA

#### **Independent Non-Executive Director**

He was the first Post War Asian born Conservative Member of the British House of Commons and served in Government as the Parliamentary Private Secretary to the Scottish Office after which he was elected as the first Asian born British Member of the European Parliament, representing over 8 million people, British people in Berkshire, Hampshire, Buckinghamshire, Oxfordshire, Surrey, Sussex and Kent for 20 years.

He was the Vice President of the International Development Committee for 15 years, overseeing the Euro 25 billion European Aid Budget. He was the Chairman of the EU Korean Peninsula Delegation working towards a lasting Peace with North Korea, Chairman of the EU China, EU Bangladesh, EU Indonesia, EU Myanmar and EU India Friendship Groups in the EU Parliament and was nominated by his political group ECR to be the President of the European Parliament and was the Chairman of the EU Delegation to the UN General Assembly.

Currently he is the Publisher of the global media platform the only Commonwealth wide media outlet reaching out to 2.4 billion people in the Commonwealth.  
[www.commonwealthunion.com](http://www.commonwealthunion.com)

For his Tsunami Relief work he was made a Chevalier of the Catholic Church and Vishwa Keerthi Sri Lanka Abhimani by the Buddhist Clergy of Sri Lanka.

### **Capt. K. J. Kahanda (Retd.)**

#### **Non-Executive Director**

Captain Kahanda joined Distilleries Company of Sri Lanka in 1993 as Regional Manager (Central Region) and was appointed a Director in December 2006, He was appointed as the Joint Managing Director of Distilleries Company of Sri Lanka PLC in September 2022. Being a former officer of the Sri Lanka Army, he spearheaded the reorganisation of the operations of the Central Region since privatisation. He specialises in logistics, distribution and security matters, and is also a Director of G4S Security Services (Pvt) Ltd., Pelwatte Sugar Distilleries (Pvt) Ltd and Melsta GAMA (Private) Ltd.

### **Dr. A. N. Balasuriya**

MBBS [Sri Lanka], MBA [Sri.J], CIM [UK], MCGP [SL], MSLIM, MIMSL

#### **Independent Non-Executive Director**

Dr. Naomal Balasuriya, a medical doctor turned-entrepreneur, is internationally sought after as a life-changing motivational speaker. His professional expertise ranges from medicine, military, management, marketing, mentoring to motivational speaking. He holds both the Master of Business Administration (MBA) and CIM (UK) qualifications. Having worked in the Government sector, private sector and the Sri Lanka Air Force as a medical doctor, he now leads his entrepreneurial training company, Success Factory. He is also a Director of Distilleries Company of Sri Lanka PLC a subsidiary of the Group.

# BOARD OF DIRECTORS

## **Mr. D. Hasitha S. Jayawardena** BBA (Hons) (UK) **Non-Independent Non-Executive Director**

Mr. Hasitha Jayawardena holds a Bachelor's Degree in Business Administration BBA (Hons) from the University of Kent in the United Kingdom.

Mr. Jayawardena joined the Stassen Group in February 2013. He is a Director of Stassen Exports (Pvt) Ltd., Milford Exports (Ceylon) (Pvt) Ltd., Stassen International (Pvt) Ltd., Stassen Natural Foods (Pvt) Ltd., Ceylon Garden Coir (Pvt) Ltd., Milford Developers (Pvt) Ltd., Stassen Foods (Pvt) Ltd., C. B. D. Exports (Pvt) Ltd., Lanka Milk Foods (CWE) PLC., Lanka Dairies (Pvt) Ltd., Ambewela Livestock Company Ltd., Pattipola Livestock Company Ltd., Ambewela Products (Pvt) Ltd., United Dairies Lanka (Pvt) Ltd., Distilleries Company of Sri Lanka PLC., Periceyl (Pvt) Ltd., Balangoda Plantations PLC., Madulsima Plantations PLC., Melsta Health (Pvt) Ltd., Melsta Hospitals Ragama (Pvt) Ltd., Melsta Hospitals Colombo North (Pvt) Ltd., Zahra Exports (Pvt) Ltd., Mcsen Range (Pvt) Ltd., DCSL Brewery (Pvt) Ltd. and an alternative Director of Melsta Gama (Pvt) Ltd.

Mr. Jayawardena has also worked as an Intern at the Clinton Global Initiative programme (CGI) in New York in 2007.

## **Ms. D. S. T. Jayawardena** **Non-Independent Non-Executive Director**

Ms. Stasshani Jayawardena was appointed to the Board of Melstacorp PLC since 2022 and marks several milestones for Aitken Spence PLC and Aitken Spence Hotel Holdings PLC as the youngest Board Member, and the first female member on the Board. Ms. Jayawardena heads the Tourism sector of Aitken Spence PLC inclusive of hotels, destination management and overseas travel.

With a career spanning over 10 years at Aitken Spence, she wields a fresh perspective in management and leads strategic business units across the Group. She leads several key strategic teams as the Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd., as a member on the Board of Directors of Aitken Spence PLC and group companies, Aitken Spence Hotel Holdings PLC, Stassen Group, Lanka Milk Foods (CWE) PLC and Distilleries Company of Sri Lanka PLC.

A graduate of St. James' & Lucie Clayton College and Keele University in the United Kingdom and Emeritus Institute of Management, Singapore; she has also received extensive overseas business exposure and training including executive education. Ms. Jayawardena made waves from a young age and was the youngest intern to work under US Senator Hilary Rodham Clinton and the Former US President Bill Clinton in 2003; and was appointed as the Sri Lankan Ambassador for EY NextGen Club from 2017 to 2019.

Ms. Stasshani Jayawardena was appointed to the Executive Board of The Hotel Association of Sri Lanka (THASL) and represents THASL at the Ceylon Chamber of Commerce Committee since 2019. She is an Executive Committee

Member at the International Chamber of Commerce in Sri Lanka since 2020 and a Steering Committee Member of the Ceylon Chamber of Commerce Tourism. She was appointed as Chairperson of the Employers' Federation of Ceylon (EFC) Hotels and Tourism Employers Group for the financial year 2020/21. Ms. Jayawardena is also a member of the PWC NextGen Advisory Board.

Ms. Jayawardena is the Ambassador from Aitken Spence PLC at the Target Gender Equality initiative of the UN Global Compact since 2020. In recognition of her work and commitment to inspire, she was recognised at Top 50 Professional & Career Women Awards in Sri Lanka with a Gold award in the Hotel & Hospitality Sector in 2017, and in 2020 by Sri Lankan business magazine, Echelon, listing her among the most innovative and influential young leaders who have succeeded in business and shaping the future of Sri Lanka.

Ms. Jayawardena became the award recipient of the Expatriate Contribution Award – Gold category by Women in Management Maldives. The Professional and Career Women Awards Maldives 2022 presented this award to Ms. Jayawardena for her exceptional contributions and achievements in the field of Hotel & Hospitality.

Her passion remains in designing the next generation of business with the core values of integrity, sustainability, empowerment, and equal opportunities. She believes driving her business decisions by using data and technology.

### **Mr. L. U. D. Fernando**

MBA (Sri.J), FCMA (UK)

#### **Executive Director**

Mr. Fernando joined the group in 1989 and was a director of DCSL PLC from 2006-2008. He was also a director for Melstacorp PLC from 2010 to 2012. He was reappointed to the Board in September 2022. Mr. Fernando is a Fellow of the Chartered Institute of Management Accountants of the United Kingdom. He was awarded a Master's Degree in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura, in 1992.

Mr. Fernando is a non-executive director of HNB Assurance PLC and also of HNB General Insurance Ltd. Previously he served as the executive director of Sri Lanka Insurance Corporation Limited from 2003 to 2009 and as a non-executive director of HNB PLC from 2012 to 2022. He was a director of The Lanka Hospitals Corporation PLC from 2006-2009 and from 2015 to 2017. He has also held board positions in companies in Food & beverage, Manufacturing, Healthcare, Telecommunications, Finance, Asset Management, and Unit Trusts.

### **Mr. M. R. Mihular**

FCA , FCMA (UK)

#### **Independent Non-Executive Director**

Mr. Mihular served as the Managing Partner of KPMG Sri Lanka & Maldives from April 1, 2012 to March 31, 2022 and was the Chairman of KPMG's Middle East & South Asia (MESA) Regional Cluster during the period 1st October 2018 to 30th September 2021. Reyaz previously served a term as the Chief Operating Officer of the MESA regional office. He also served on KPMG's Europe Middle East & Africa (EMA) Board and on the Global Council of KPMG International.

Mr. Mihular is a Past President and Fellow Member of the Institute of Chartered Accountants of Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK. He also served as the Chairman of the CIMA Sri Lanka. Reyaz has completed International Executive Education programmes at INSEAD, France, Harvard Business School and the London Business School, UK.

Mr. Mihular served as a Board Member of the International Accounting Standards Committee (IASC). Subsequently he served on the IASC's Standing Interpretations Committee and as a Member of the IFRS Advisory Council of the International Accounting Standards Board. He also served as a member of the International Ethics Standards Board for Accountants (IESBA).

Mr. Mihular presently serves as Chairman of Sri Lanka Telecom PLC and Bairaha Farms PLC and as an Independent Non-Executive Director of Nestle Lanka PLC, Agility Innovation (Pvt) Ltd, Damro Holdings Ltd and LTL Holdings Ltd. He also serves on the Colombo Port City Economic Commission as a Commissioner and as a Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka.

### **Ms. V. J. Senaratne**

Attorney-At-Law, Notary Public,  
Solicitor (Eng. & Wales)

#### **Alternate Director to N. de S. Deva Aditya**

She was admitted to the Bar in 1977 and was enrolled as a Solicitor (England & Wales) in June 1990. She also holds the position as Company Secretary of Distilleries Company of Sri Lanka PLC and Periceyl (Pvt) Ltd., and Melsta Health (Pvt) Ltd.

She currently serves as a Director on the Board of Paradise Resort Pasikudah (Pvt) Ltd., Amethyst Leisure Ltd., DFCC Bank PLC and as an Alternate Director of Melstacorp PLC and Distilleries Company of Sri Lanka PLC.

# HEADS OF GROUP COMPANIES



**Mr. Sampath Perera**

Managing Director  
Melstacorp PLC

**Director**

Distilleries Company of Sri Lanka PLC, Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Browns Beach Hotels PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Periceyl (Private) Limited, Melsta Health Group



**Capt. Jagath Kahanda (Retd.)**

Joint Managing Director

Distilleries Company of Sri Lanka PLC,

**Director**

Melstacorp PLC, Melsta Properties (Pvt) Ltd, Milford Holdings (Pvt) Ltd., Melsta GAMA (Pvt) Ltd.



**Ms. Stashani Jayawardena**

Chairperson

Aitken Spence Hotel Managements (Pvt) Ltd.

**Director**

Aitken Spence PLC and group companies, Aitken Spence Hotel Holdings PLC, Browns Beach Hotels PLC, Lanka Milk Foods (CWE) PLC, Melstacorp PLC and Distilleries Company of Sri Lanka PLC



**Dr. M.P. Dissanayake**

Deputy Chairman & Managing Director

Aitken Spence PLC

**Chairman**

Elpitiya Plantations PLC

**Managing Director**

Aitken Spence Hotel Holdings PLC

**Director**

Browns Beach Hotels PLC



**Mr. Senaka Amarathunga**

Director / General Manager

Periceyl (Pvt) Ltd.



**Mr. Chaminda De Silva**

Managing Director

Continental Insurance Lanka Ltd., Continental Insurance Life Lanka Ltd.



**Dr. Prasad Samarasinghe**

Managing Director

Lanka Bell Ltd., Bellvantage (Pvt) Ltd.



**Mr. Dinal Peiris**  
Managing Director  
Texpro Industries Ltd.



**Ms. Farzana Sulaiman**  
CEO - Contact Centre  
Bellvantage (Pvt) Ltd.



**Mr. Palitha Rodrigo**  
Managing Director  
Melsta Technologies (Pvt)  
Ltd.



**Dr. K.T. Iraivan**  
Director / CEO  
Melsta Health (Private)  
Limited, Melsta Hospitals  
Ragama (Pvt) Ltd.,  
**Director**  
Melsta Laboratories  
(Private) Limited, Melsta  
Pharmaceuticals (Private)  
Limited,



**Mr. Dimuthu  
Wekunagoda**  
CEO  
Balangoda Plantations PLC



**Mr. Mohan Fernando**  
CEO  
Madulsima Plantations PLC

# MANAGEMENT DISCUSSION & ANALYSIS

“Melstacorp Group continues to make great advances, driven by an ethos of dynamism and professionalism while enjoying a unique niche within the sectors in which it operates.

Despite the economic turmoil faced throughout the year, Melstacorp Group was able to produce improved Performance in profits.”

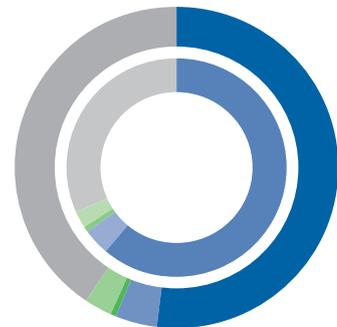
## Melstacorp Group

Melstacorp is a leading diversified conglomerates in Sri Lanka, with a portfolio encompassing beverages, plantations, telecommunication, insurance, power generation, textiles, leisure, logistics, BPO, construction support services & healthcare, and other diversified businesses. The Group continues to make great advances, driven by an ethos of dynamism and professionalism while enjoying a unique niche within the sectors in which it operates. Having established its heritage as a respected corporate entity, Melstacorp embodies a global network of systems and processes led by the Board of Directors, senior management, and a professional team of employees dedicated to delivering maximum equity to shareholders and all other valued stakeholders.

## Group Overview

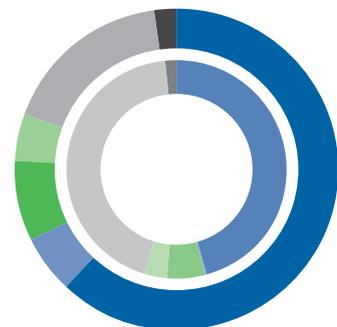
Despite the economic turmoil faced throughout the year, Melstacorp Group was able to produce improved performance in profits. This performance was mainly due to the noteworthy contributions from its subsidiaries DCSL PLC, Aitken Spence PLC and Continental Insurance. Further, the plantation sector subsidiaries Balangoda PLC and Madulsima PLC were able to record improved performance irrespective of the many challengers the industry had to face with. The Group recorded an operating profit of Rs. 47.9 Bn (Rs. 22.6 Bn in 2021/22) and a profit after tax of Rs. 23 Bn (Rs. 17.6 Bn in 2021/22) during the financial year.

## Gross Turnover - Group (Rs. Mn)



	2021/22	2022/23
● Beverage Sector	111,916	128,817
● Plantation Sector	7,102	10,243
● Telecommunication Sector	1,929	1,592
● Financial Services Sector	4,355	6,358
● Diversified Sector	57,688	100,251
	<b>182,990</b>	<b>247,261</b>

## Gross Turnover - Group (Rs. Mn)



	2021/22	2022/23
● Beverage Sector	13,922	31,686
● Plantation Sector	(46)	2,971
● Telecommunication Sector	(1,721)	(4,074)
● Financial Services	1,001	2,390
● Diversified Sector	13,265	8,716
● Share of Associate Companies Profit	442	1,115
	<b>26,863</b>	<b>42,804</b>

Rs. Million  
**247,261**  
Gross Turnover - Group

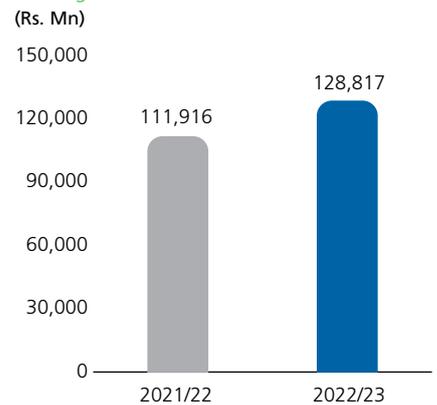
Rs. Million  
**42,804**  
Profit Before Tax - Group

## Beverage Sector

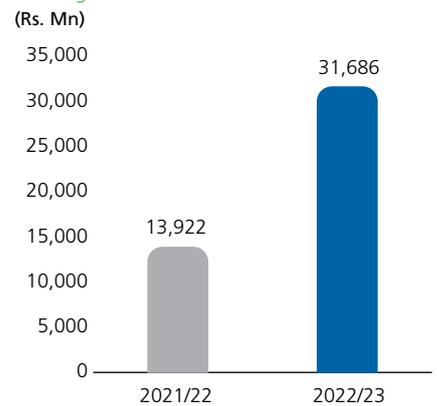


The beverage sector remained the Group's leading revenue generator. During the year under review, prices of legally produced, tax-paid alcohol increased substantially due to increases in taxes, input materials, and cost of power & energy. Further, it is observed that consumers were choosing non-premium beverage products and less expensive alternatives due to the rising cost of living and low disposable income. During the current year, the beverage sector achieved a gross turnover of Rs. 129 Bn a 15% increase over the previous year's Rs. 112 Bn. This increase was mainly due to substantial increases of product prices within the year. The sector profit before tax also increased to Rs. 31.7 Bn compared to Rs. 13.9 Bn recorded in the previous year. The beverage sector contributed Rs. 82 Bn to the State by way of taxes during the year.

### Gross Turnover Beverage Sector



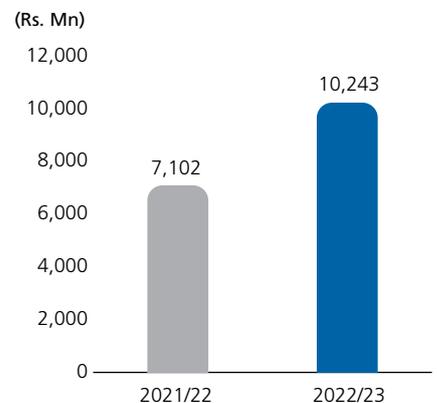
### Profit Before Tax Beverage Sector



## Plantation Sector



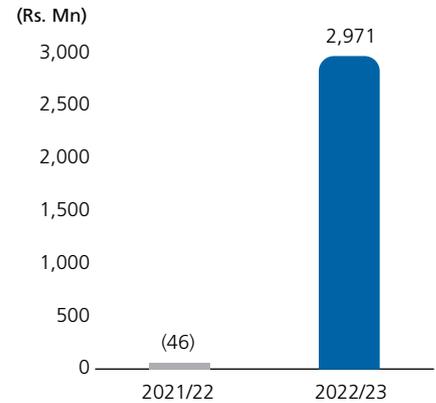
### Gross Turnover Plantation Sector



# MANAGEMENT DISCUSSION & ANALYSIS

Despite the many challenges the country had to face, Sri Lankan tea industry was able to achieve improved revenue performance in the year 2022. Tea production in the year 2022 recorded as 251.5 Mn/kg in comparison to 299.34 Mn/kg in prior year reflecting a 16% drop in production. The repercussions on the ban of chemical fertiliser coupled with restrictions of importing weedicides in the past severely affected national production output. However, the devaluation of Sri Lankan Rupee improved the revenues recorded in local currency. As a result, both subsidiaries in plantation sector, Balangoda Plantations and Madulsima Plantations recorded operating profits during the year 2022. Plantation sector achieved a Rs. 10.2 Bn in revenue an increase of 44% when compared with Rs. 7.1 Bn in the previous year. The sector recovered to report a profit before tax of Rs. 2.9 Bn for the year in comparison with a loss of Rs. 46 Mn in the prior year. Sri Lankan tea industry continues to be challenged with repercussion from economic slow-down, shortage of workforce, constant wage increases, increasing energy and fertiliser cost. The rubber production of the country recorded a lowest during the last five to 71 Mn/kg in 2022. The rubber industry was severely affected by the prevalence of leaf fall disease and unfavourable weather condition for harvesting, in addition to the drop in cultivated extent. Despite being able to achieve higher prices throughout the year, the rubber industry's gains were offset by a fall in production volumes and an increase in production costs.

**Profit/(Loss) Before Tax**  
Plantation Sector

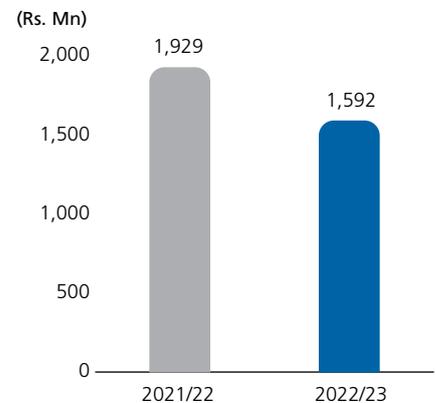


## Telecommunication Sector

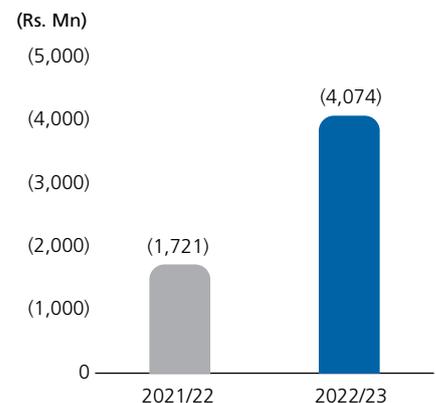


Due to changes in consumer behaviour and disruptions brought on by the effects of the economic downturn, the telecommunications sector is currently facing with diminishing revenue from CDMA fixed-line business and 4G LTE technology services. Further, the telecommunication sector is faced with many challenges due to an increase in operational and capital costs with the devaluation of the Sri Lankan Rupee, high inflation, high energy cost, and a decline in the disposable income of residential customers.

**Gross Turnover**  
Telecommunication Sector



**Profit/(Loss) Before Tax**  
Telecommunication Sector



## Financial Services Sector



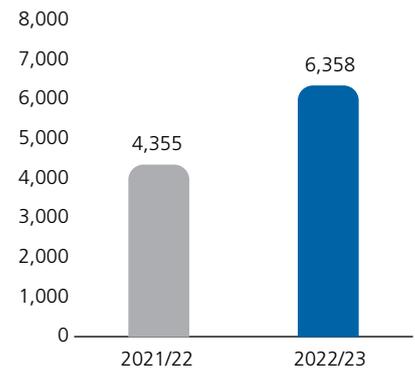
### Insurance

Continental Insurance (CIL), the Group’s general insurance arm reported a commendable pre-tax profit of Rs. 2.4 Bn in comparison to Rs. 1 Bn in the prior year. CIL achieved a gross written premium of Rs. 6.4 Bn for the year in comparison to Rs. 4.4 Bn in the previous year. CIL’s performance of the industry comes amidst most of the peers enjoying captive business from bank / finance / life insurance companies within group structures. At present CIL provides insurance to most of the leading corporates in the country and reported an outstanding rise of 78.2% in the non-motor segment in 2022. Due to CIL’s careful underwriting and investing practices over the years, the company was able to withstand numerous challengers during the year. With a claims ratio of 60% and a combined ratio of 99%, CIL continued to be among the most profitable companies in the industry today.

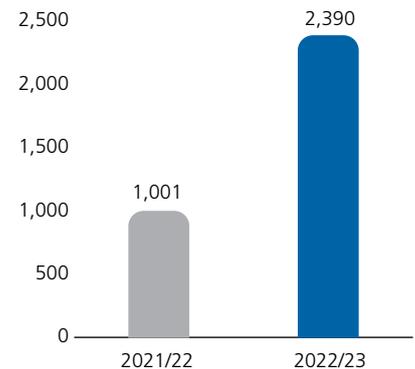
CIL’s total assets increased by 39.1% during the year and surpassed Rs.11.8 Bn while its shareholders funds increased by 40.4% to Rs. 4.9 Bn during the year. The Company’s Risk Based Capital Adequacy ratio stood at 279%, comfortably exceeding the minimum regulatory threshold of 120%. CIL’s digitally enabled remote operating model continued to deliver its promise of seamless service in spite of operational constraints during the year. CIL expanded its virtual assessments from motor claims to underwriting inspections, for a faster and more convenient experience for customers. During the year 2022, CIL marked another milestone by stepping into Life insurance with its life insurance subsidiary – Continental Insurance Life Lanka Limited.

The Company’s resilience and aggressive yet cautious growth was internationally recognised for the second consecutive time, as CIL was awarded the Fastest Growing Non-Life Insurance Company Sri Lanka and Decade of Excellence Insurance Sri Lanka by Global Banking and Finance Review, and Domestic General Insurer of the year - Sri Lanka of the year by Insurance Asia Awards.

**Gross Turnover**  
Financial Services Sector  
(Rs. Mn)



**Profit Before Tax**  
Financial Services Sector  
(Rs. Mn)



# MANAGEMENT DISCUSSION & ANALYSIS

## Diversified Sector



### Aitken Spence

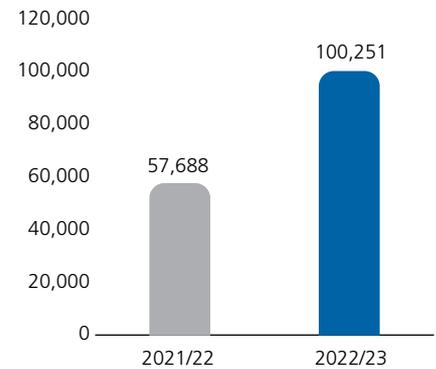
In the Diversified sector, our main subsidiary Aitken Spence PLC recorded consolidated post-tax earnings of Rs. 8.12 Bn for the financial year. Most sectors of the Group's diversified portfolio contributed positively to the bottom line. Overseas operations accounted the key contributor to the profit after tax with strong bottom-line growth demonstrated by the Maritime & Freight Logistics and the Tourism sectors. Despite many challenges, Sri Lankan operations also made noteworthy contribution to the profitability during the year. Due its diversified business model, Aitken Spence group was able to deliver positive returns even in the face of significant challenges within its operating environment during the year under review.



### Gross Turnover

Diversified Sector

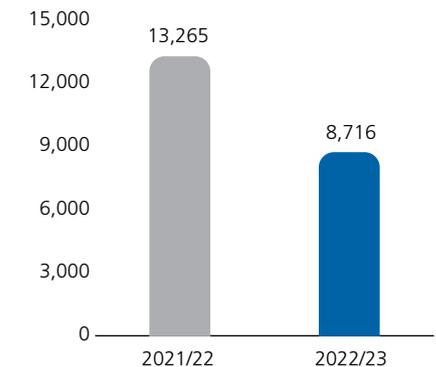
(Rs. Mn)



### Profit Before Tax

Diversified Sector

(Rs. Mn)



### Textiles

The current year was indeed a challenging year for the textile business with the prevailing economic turmoil resulting in a devaluation of the Sri Lankan Rupee, which adversely affected the company's performance mainly due to high foreign exchange losses. Further, the slowdown in the global economy is affecting Texpro's indirect exports sector due to low demand for producing garments for export.

### Power Generation

Bogo Power, a BOI-registered company, was set up in 2011 at the Kirkoswald Group estate, Bogawantalawa with approval from the Sustainable Energy

Authority of Sri Lanka and the Public Utilities Commission of Sri Lanka. The Company has a power purchase agreement with the Ceylon Electricity Board for the sale of electricity generated for a period of 20 years. The power capacity of the project is 4 MW. Bogo Power managed to generate 18.8 GWH during the year.

### Business Process Outsourcing

Bellvantage dominates the Sri Lankan Business Process Outsourcing (BPO) business as the leader in having diverse industry expertise providing services to many corporate customers. The company offers a range of services extending from contact centre solutions to man power, infrastructure, data processing and social media solutions.

Despite the economic turmoil, social and political unrest experienced during the year, Bellvantage managed to provide its BPO services continuously, uninterrupted to its clientele to maintain a smooth flow of its operations. Bellvantage succeeded in securing more businesses across the sectors including bank and finance, transportation, airline and retail within the year. Bellvantage also expanded its presence internationally contributing towards a remarkable performance for this financial year.



### Melsta Technologies

Melsta Technologies (MT) recorded a successful performance with increased revenue and the profitability during the year amidst macro environmental challenges in the market. MT made remarkable inroads into the strategic customer base providing innovative ICT solutions which helped the clients to optimise their business efforts towards digital transformation. With highly skilled engineering resources ensured smooth and agile project deliveries in complex IT projects, where the customer benefited

greatly with process efficiencies. MT provide enterprise IT solutions including data centre infrastructure, information security and Governance, Data Science and analytics and IT managed services. Currently, MT has strategic technology partnerships with Oracle, HPE, DELL, Commvault, Checkpoint, Kaspersky, Redhat, VMware, SOTI, Fortinet, VMware, Crowd Strike, Sophos and Palo Alto brings innovative digital platforms for many industry vertical to solve complex business problems faced by modern organisations.

### Leisure

Browns Beach Hotel (BBH) was rebuilt and commenced operations in 2016, as an upper up-scale resort and is yet to make operational profits. Despite the year of turmoil and uncertainty it was able to record a revenue growth of 58% over previous year. During the year operating costs was increased significantly due to inflation, devaluation of the rupee and rising energy costs resulting lower operating margins. Business was able to reduce its loss from operations by 40%, however due to high finance cost and increase in tax rate resulted in BBH recording a substantial loss for the year.

# MANAGEMENT DISCUSSION & ANALYSIS



Melsta Laboratories is Sri Lanka's largest stand-alone chain of laboratories founded in 2019 and is one of the fastest-growing laboratory chains with its presence in many part of the country. Melsta Labs currently provides services to over 100 regional private hospitals and is working with over 500 collection centres while operating five (5) state-of-the-art laboratories. The new member of the healthcare sector Melsta Pharmacy was able to perform to the expectation and has established its brand in the market with its modern facility located conveniently.

## Melsta Health

The Group entered the health sector with a vision of providing Sri Lankans with better access to world-class healthcare services, and currently owns numerous best-in-class facilities that focus on delivering leading edge healthcare which is accessible and integrated. Melsta Hospitals Ragama upgraded the clinical facilities on par with industry standards. It invested in state of art and modern equipment and commissioned the Urology and Kidney transplant surgery department

which currently performs the total range of urology surgeries and live kidney transplant surgeries. Further investments were made into a Gastrointestinal (GI) Centre with modern equipment and infrastructure. Despite many challenges during the year, Melsta Hospitals Ragama emerged with a remarkable achievement in revenue and profitability and continue to expand its presence in the industry. After careful consideration the Group resorted to take a strategic exit from the management of Joseph Fraser Memorial Hospital during the year.



# SUSTAINABILITY REPORT

## Responsible Diversity

### Our Sustainability Motto in Action

We understand that, globally, stakeholders at large are demanding that companies they associate with demonstrate non-financial metrics to define sustainability and sustainable operations. Financial profitability as the sole criteria of a company's success is an outdated concept and rejected by most stakeholders and the organisations they support. More importantly, being an environmentally, economic and socially sustainable organisation is helping companies earn corporate respect and drive customer loyalty, not to mention earning respect from peers and the industry. In an era of growing global competition, climate change and diminishing resources, companies that put sustainability as their foremost goal are winning the race. As one of the diversified, blue-chip conglomerates in Sri Lanka, we are living proof of continuous improvement and sustainable business practices. While cultivating values over a period we consider this an opportunity to strengthen our business practices that are environmentally and socially sustainable, while also being financially sustainable, the key requirement of any commercial entity. In our journey over the decades within the corporate arena of Sri Lanka, an overarching tenet has always been to ensure that our decisions, actions and impacts are sustainable and positive at all times.

We are extremely cognisant that as a corporate steward involved in numerous businesses and industry areas, we must set an example to others, while making our stakeholders a part of our journey of progress. In this Sustainability Report, we set out the measures we take to ensure that sustainability is infused along the length and breadth of our value chain. Simultaneously, we continue to invest time and resources in understanding

how we can enhance our proud track record as one of the most sustainable organisations in the country.

## The Melstacorp Story

### History, Ownership and Legal Framework

The roots of Melstacorp hark back to 2011, when Melstacorp was incorporated to be the strategic business arm of the DCSL Group. As a result of the restructure arrangement during the year 2016 Melstacorp became the flagship company of the Group and was listed on the Colombo Stock Exchange on 30th December 2016. Melstacorp has diversified into key economic sectors in the country, placed as one of Sri Lanka's leading blue-chip conglomerates.

Melstacorp's business areas are diverse and penetrative, ranging from plantations, telecommunication, insurance, textiles, hospitality, healthcare, hydropower, BPO and its largest and most influential business contributor - beverages, encompassing alcohol.

### Significant Events during the Reporting Period

- Fitch Rating has re-affirmed Melstacorp PLC and its subsidiary, Distilleries Company of Sri Lanka PLC, the National Long-Term Ratings of AAA (lka) with a stable outlook".
- During the 2022/23 FY Fitch Rating Lanka assigned National Insurance Financial Strength (IFS) rating A- (LKA) with Rating Watch Negative (RWN) to Continental Insurance Ltd.

## Report Scope

We believe that we have a responsibility towards our stakeholders to ensure that they are given a clear insight into how we have managed their business and how we intend to work in the future. This, therefore, is our honest effort in sustainability reporting.

While we do know that this report is a work in progress and requires to be developed comprehensively, this attempt helps us to put our results, both positive and negative, down on paper and work on plans that would ensure that our presence as a corporate leader will surely be advantageous to all our stakeholders. The report presents a balanced analysis of our sustainability performance strategy in relation to issues that are relevant and material to the Company and to our stakeholders, while complementing our ongoing engagement with stakeholders.

This report focuses on key developments and includes only the most pertinent indicators in order to provide stakeholders with an integrated and succinct view

of our sustainability performance. Unless otherwise indicated, facts and figures refer to the Melstacorp Group. Sustainability in our business is built on natural capital, social capital and economic capital, all of which must be taken together rather than in isolation for a true picture of sustainability. It is these capital segments that run through as themes of this report.

## Materiality

Having embarked on this sustainability reporting process, we must confess that in documenting the necessary areas, we may not yet have a clear idea or focus on the extent of materiality involved. However, we have focused on earmarked areas and platforms that have formed the foundation for our sustainability programme and hence, we have used those as the guideline to report on the arising issues. We have also been able to identify shortcomings and gaps in data gathering, which is now being documented and acted upon to ensure that we bridge those gaps in the future. We initially garnered the

# SUSTAINABILITY REPORT

information from all our business sectors on a common questionnaire and began mapping the categories that were most common.

Once charted, the categories were placed in perspective and we were able to consider the materiality of our findings, positioning them in priority order and only focusing on those that our stakeholders felt were crucial or important.

## Reporting Period

This report supports the Melstacorp Group's Annual Report and presents our sustainability performance for the year ended 31 March 2023. It covers Company activities, including the subsidiaries reporting period (for example, fiscal / calendar year) for information provided 01 April 2022 to 31 March 2023. Data measurement techniques and the bases of calculations applied for compilation and other information in the report is disclosed wherever applicable. We invite feedback from our stakeholders on this report and the way we approach our sustainability priorities in order to continue improving our performance, transparency and accountability practices.

## Governance, Commitments and Engagement

### Board of Directors

Collectively, the Melstacorp Board has significant corporate acumen, skill, knowledge and experience aided by astute and knowledgeable support and information from senior management and external specialists when the need arises to be sufficiently informed and be independent. Board governance ensures that relevant related party transactions are reviewed by Related Party Transactions Review Committee and the Group discloses related party transactions

periodically and if any Director has a direct or leading interest in any matter being discussed, they will abstain from opining, discussing and voting, all of which could influence the outcome. This avoids conflict of interest and ensures independence of the Board. Melstacorp has established a governance structure that remains aligned to the laws of the land and ensures compliance to various regulatory mandates. The governance structure therefore includes committees responsible for specific tasks and setting strategy and future direction for the Group.

The Board structure and committees are detailed on page 40, in this report. Melstacorp's Board comprises ten Directors (three Executive, four Independent Non- Executive, three Non-Independent Non-Executive), who meet to map strategy and for decision making which require Board intervention.

The Board sub-committees are a vital conduit in identifying and managing economic, environmental and social performance, including relevant risks and opportunities, as well as compliance. Ongoing Board education is an imperative at Melstacorp to ensure that Directors remain abreast of all applicable legislation and regulations, changes to rules, standards and codes, as well as relevant sector developments, which could potentially impact the group and its operations. During the year, all Board members and committee members were reviewed for compliance with the Colombo Stock Exchange requirements for a listed company.

## The Melstacorp Sustainability Approach

### Vision

To be an industry leader who will practice the tenets of a 'green company' and be upheld as a true proponent of sustainable development.

## Mission

To truly 'walk the talk' in becoming green and espouse upward momentum for people, planet and profit.

## Philosophy

- Infusing innovation, value addition, quality and service excellence to give our customers the best
- Create a knowledge gaining culture where our team grows and develops as individuals, while honing the entrepreneurial spark to contribute towards macro development
- Continue giving our shareholders the confidence and trust that we will always do what's best, thus ensuring consistent growth in shareholder value and returns
- Make our planet healthy and green by contributing social dividends that will translate towards sustainable development for society and the environment
- Ensure that everything we do will always keep us ahead and at the helm, collating the facets of economic, social and environmental features into our business dimensions. We integrate this three-pronged approach to sustainability, so that the journey with our stakeholders will remain one in which we grow together, forging and strengthening long- term relationships.

## Sustainability Policy

Our Sustainability Policy is based on the following principles:

We continue to comply with and exceed wherever practicable, all applicable and related legislation, regulations and codes of practice.

We integrate the principles and tenets of sustainability into all our business decisions.

We strive to minimise any negative impacts that may ensue while engaging in our day-to-day activities. We integrate a sustainability mindset among our team, making them fully aware of our Sustainability Policy and empower them with a sense of ownership and commitment to implement, practice and improve it.

We cascade our Sustainability Policy among our valued business partners, encouraging them and assisting them to adopt sound sustainable management practices.

We review and report annually and to continually strive towards improving our sustainable performance.

At Melstacorp, we are committed to promoting sustainability. We remain extremely concerned for the environment and for promoting a broader sustainability agenda, both of which are integral to our professional activities and the management of the organisation. We aim to follow and to promote good sustainability practices to reduce the negative environmental impacts of all our activities and to help our stakeholders to join in this journey that will surely benefit our future generations.

## The Framework

Melstacorp's Sustainability Framework, which incorporates our Sustainability Philosophy, Policy and Principles, articulates our strategic commitment to sustainable development and remains integral to risk management.

This framework assists our stakeholders in imbuing a similar sustainability approach, promotes sound environmental and social practices, encourages transparency and accountability, and contributes to positive development impacts. We ensure that

this framework reflects good practice for sustainability and risk mitigation, keeping abreast of trends that bring up challenging issues, which remain at the core of managing a sustainable business.

These include supply chain management, resource efficiency, climate change and human rights.

## Key Challenges and Opportunities

Risks and challenges go hand in hand in the business of running an organisation, whether the risk may be from environmental problems, social discontent, political and social unrest or even natural disasters.

These can be termed costly, have negative publicity, threaten operating frameworks and also prompt unforeseen expenditure.

Reputational damage too can far exceed the immediate cost impacts. While we seek to proactively reduce and manage these risks, challenges have never been a deterrent for

us at Melstacorp; rather, they have been a means of directing us towards opportunity and improving business performance over time.

These opportunities have driven us to enhance business growth, while ensuring that we remain within compliance benchmarks, while ensuring that our stakeholders are empowered and remain inclusive to our end goal. Over the year, we identified some challenges and risks that eventually saw an opportunity emerge, and which, through the inherent pragmatic and astute business acumen possessed within Melstacorp, was transformed and included in the strategic way forward of the Group.

## Stakeholder Engagement

We are extremely committed to engaging all of our stakeholders, both internally and externally, to become the most sustainable, responsible company we can possibly be. By listening to, partnering with, and considering the perspectives of our associates, customers, shareholders, academic leaders, Government, valued business partners and sometimes even our competitors, we can truly ensure that quantifiable and qualitative returns are assured.

Stakeholder engagement is a crucial element to sustainable development as it is this engagement process that prompts the two-way dialogue and communication process which eventually aligns the strong relationships among our stakeholders and forms the foundation to our sustainability journey. Having identified our stakeholder groups, as given below, we engage with them at various forums related to their interests and expectations, in an effort to adapt to changing needs and issues, which continue to evolve. As we pursue our corporate sustainability goals, we intend to further strengthen these relationships. Together, we are establishing transparency and enhancing our relevancy with the customers and communities we serve. We have created more formal channels for interacting with stakeholders both to learn from their expertise and to provide a forum for them to provide us with feedback.

## Key Stakeholders

### Shareholders

Quarterly and annual financial reporting, annual meeting of shareholders, periodic individualised mailings and conference calls between senior management and investors and/or analysts when necessary, serve to deepen shareholder engagement in an ongoing manner through the financial year.

# SUSTAINABILITY REPORT

## Customers

Listening and engaging with customers on a one-to-one basis and through other channels such as customer satisfaction surveys has helped us understand them better.

## Employees

We adopt numerous routes, such as regular communications and engagement on one to one basis, monthly or quarterly forums, opinion surveys, internal newsletters and an open door policy.

## Government/Regulators

Regular meetings with relevant Government authorities and regulators to discuss impending legal mandates are held to find solutions where necessary. This may involve discussions on challenges, risks, strategy development, execution of such laws and regulations and best practice permeation.

## Suppliers

Regularly engage with suppliers to promote and institute sustainability solutions

## Disclosures

The purpose of our sustainability reporting is to create greater transparency and accountability and to allow for better informed and more robust decision-making as it is becoming more important than ever to manage both positive and negative impacts of our business activities.

Our customers are increasingly developing an ethical conscience, using sustainability information to identify their chosen brands.

Customers want transparency, clarity and accessibility to information and disclosures on social, environmental and economic performance. Needless to say, this information needs to be consistent

and presented in a standardised approach, therefore, it is imperative that disclosures are succinct, clear, and truthful and hold fast to the underlying ethos of a principled ethical well governed business entity, which is what Melstacorp espouses to be.

## Economic Disclosures

The Company ensures that both positive and negative information about itself is conveyed as fairly as possible to all stakeholders, especially shareholders.

Melstacorp ensures its shareholders and other interested parties are given accurate information to help them make an informed choice when investing. Our investors have proof of our consistent performance in our financials and share performance, as well as our astute business strategies including restructuring and acquisitions. Given our status as an industry leader, we also remain a strong partner in ensuring that the country meets its vision and objectives, generating direct and indirect employment and thus improving lifestyles, investing in infrastructure, upping quality and standards within the industry and thus setting benchmarks to develop these industries and imbuing best practices.

We practice an environment of zero tolerance on bribery and corruption and eschew ethically unsound or corrupt practices among any stakeholder segment. In this context, we have had no incidences of bribery and corruption, unethical practices or anti-competitive behaviour stemming from our Group brought to our notice.

Our business dealings remain transparent and sincere in action, while accountability remains a top priority. We remain strictly compliant with all mandatory and regulatory mandates that are prevalent in our business even

though the regulatory environment in some of our businesses may be seen as unfair and unjust. We do not make contributions to political parties; no member of the Board of Directors is actively involved or an office-bearer of any political party in Sri Lanka.

## Product Disclosure

As a diversified group of companies, we engage in manufacturing businesses in certain sectors such as Beverage and Plantation, we ensure our production processes cover supply chain including the sourcing and use of ingredients, resources and raw materials are aligned to stringent quality standards that are initially tested repeatedly before product manufacture. We work with experts and specialists in the field both locally and internationally, who may also conduct their independent analysis and research, which assists us in manufacturing our final product.

## Environmental Disclosure

We have never knowingly harmed the environment through any process that we have engaged in. We ensure that in all our processes and systems, we implement as many environmentally friendly initiatives as possible as is seen in the wastewater treatment, energy management, recycling initiatives, decrease in emissions and increase in forest cover that we have strategically embarked upon. We also constantly engage our valued business partners, suppliers and wherever possible our customers, to permeate environmental best practices among them.

## Human Rights and HR Practice Disclosures

Melstacorp Group espouses and commits itself as an equal opportunity employer, stringently applying a slew of non-discriminatory policies vis-a-vis gender, age, religion, ethnicity, social,

cultural and economic backgrounds on the foundation of meritocracy. We unwaveringly uphold and support the tenets mandated by the International.

## Labour Organisation and Other

Prevalent regulatory bodies pertaining to human rights and child labour.

We adhere to a strict policy of 'zero tolerance to child labour', a mandate that is permeated to our valued business partners including retailers and the supply chain.

## Community Disclosure

Our philosophy is to partner the community in its sustainable development journey, which in turn gains us a considerable advantage. We are inextricably entwined with our communities and we intend to ensure that our presence within these communities will benefit them and us. This year, our social focus was based on 'Education & Training and Health, Sanitation & Housing' and by sustaining social initiatives in these key areas of interest, we believe that we can empower these communities.

## Environmental

- Better waste and energy management in our manufacturing processes.
- Reducing our carbon footprint by introducing more 'green' initiatives.
- Reducing dependency on fossil fuels.
- Enhancing forest cover and food security through planting of hard wood and fruit trees.

## Sustainability Focus

### Social

- Enhancing entrepreneurial skills among estate youth.
- Assisting educational initiatives from childcare to university- level students.

- Creating awareness of preventable diseases among lesser affluent communities.

## Economic

Ensuring that shareholder wealth is optimised without compromising on standards or principles.

- Permeating best practices to valued business partners.
- Setting an example of ethical leadership through a well-governed accountable entity.
- Creating benchmarks for the industry.

## Sustainability Performance

### Environmental Impact

The Melstacorp Group, having conformed and remain strictly compliant with the Central Environmental Authority standards, is additionally subjected to regular audits to ensure full transparency. This ensures that we remain conscious of the impacts our actions would have on the environment and have through the years, worked on improving our processes and systems that would eventually help us to reduce the negative impact we have on the environment, while minimising climate change.

### Energy, Waste & Water Management

Energy and waste management are crucial features in our environmental management focus, especially in our manufacturing processes. DCSL uses a sophisticated distilling system using French technology which is totally environmentally-friendly embeds energy-saving features

into our plants, as low evaporation during distillation aids the saving of energy. This technology has also helped in decreasing emission levels. Wastewater treatment plants and an environmentally friendly zero-harm

effluent management system ensures that waste, water and effluents are all managed well within the compliance norms. While the waste water is treated to neutralise acidity and released for further use once deemed 100% safe, the methane which is discharged during the purification process is used for factory consumption. In our bid to reduce the country's dependence on fossil fuels and thereby reduce the expenditure of foreign exchange, we embarked on a mini-hydropower project.

The Kirkoswald Mini-hydropower Project, under the umbrella of Bogu Power (Pvt) Limited and located within Madulsima Plantation's land, has gained approval from the Sustainable Energy Authority of Sri Lanka, generating an average of 20.0 GwH of power to the national grid. The water required for the hydropower project is diverted and returned to the river within a short distance from the point of diversion. The channel, weir and power house are small structures, which have minimum impact on the natural eco-system and the communities around the area. The companies of the Melstacorp Group have all initiated in-house modes of energy, waste and water management, as part of the Group's holistic vision of environmental impact mitigation. The Collision Repair Centre, remains very compliant with environmental regulations and in fact, has ensured that its entire facility is eco- friendly. Waste disposal is managed efficiently, with disposable waste being recycled and organic waste converted to compost, which is used to nurture vegetation within the premises. In addition, a waste- water treatment plant maximised the usage of water. Melsta Logistics also took on the responsibility of managing the Group's fleet of vehicles to ensure that measures are taken to monitor and control emission levels and usage of fossil fuels and thus reduce its carbon footprint. At present, Texpro is using biomass thermic fluid

# SUSTAINABILITY REPORT

heaters instead of fossil fuel consuming equipment, as a result the Company managed to reduce the energy cost sustainably.

## Recycling

Our beverage sector packaging gained emphasis to mitigate environmental impact with over 50% of the bottles used for alcohol and spirits being recycled and crates used for transport, being reused.

Cellophane, glass, aluminium and plastic generated by the factory were outsourced to an external party for reuse, while used labels were transformed into pulp. This also reduced the number of trees being felled.

## Sustainable Agriculture

We are proud to report that the Balangoda Plantations and Madulsima Plantations accredited by the Rain Forest Alliance as Rain Forest Alliance Certified (RAC) Plantation Companies. This enhances our commitment towards adding value and places a greater emphasis on environmental management and community development. This exercise is also a testament to our continued commitment to stepping into the growing market of enlightened consumers who make conscious choices about supporting sustainable agricultural practices through their purchases and would be a baseline to benchmark us with players in the Industry with clear goals and targets to be achieved. As a part of its pledge to continually improve environmental and social sustainability, many initiatives were launched by Balangoda Plantations to protect and conserve the natural environment through the prevention of pollution, efficient utilisation of resources, effective waste management practices, promotion of environmental awareness and sensitivity amongst the plantation community.

Balangoda Plantations always espoused sustainable agricultural standards and good manufacturing practices. The Company ensured that nearly all its manufacturing facilities have gained ISO 22000 certification, which ensured that it remained within the stringent guidelines required for conducting business, manufacturing processes and systems. In order to retain these standard certifications, the facilities are also continuously subjected to audits. The larger result however is that with the infusion of best practices in agriculture, we are not only enhancing our end product, but also ensuring that our practices are governed by a green ethos. Further augmenting this green ethos, Balangoda Plantations embarked on a reforestation drive, which, while increasing our forest cover, also significantly impacted the challenges the country will face in the future of food security. In addition, the estates began implementing a composting programme, which converted non-usable materials into compost, deemed for use in the three hectares that are being replanted with tea.

## Social Diversity in Our Team

Our longevity and culture of achievement is rooted in the motivation and mindset of our people, who are committed and dedicated towards achieving greater heights of performance and raising the benchmark. Given that the Melstacorp Group has grown into a diversified conglomerate encompassing a number of diverse industries and yet is unequivocally positioned with a leadership status, evidences that our team is a winning one. The dynamism, motivation and 'overzealous' attitude they always espouse has enabled this Group to take on challenges, some deemed insurmountable and win against the odds

## HR Philosophy

Our HR Philosophy is to provide and promote an encouraging and professional working environment for our team. We believe that the prosperity of our business depends on successfully developing an integrated group of motivated and innovative employees, hence we facilitate positive employee relations and inspire employees by offering opportunities for challenging work, personal development and growth. We are committed to hire, develop and retain the most talented people in order to achieve a committed pool of talent.

## Recruitment & Retention

A range of processes has been instilled within the Group to ensure that recruitment is non-discriminatory, unbiased and driven by meritocracy. In addition, in a bid to streamline our recruitment processes, a recruitment requisition form was introduced, which is the base upon which recruitment is effected and a comprehensive interview evaluation form was brought in to streamline the interview process from initial screening to final interview stage.

The Group companies follow HR best practices ensuring consistency in the HR Policy approach and a fair playing field for potential employees. For instance, Continental Insurance strives to follow best practices in human resource management as well as the development of human resource. As a growing business, Continental Insurance is in need of regular fresh blood from the outside, while growing talent from within, hence, Continental Insurance ensures a healthy mix of both. As an organisation is nothing more than the collective capacity of its people to create value, organisational culture is an important element in any organisation's makeup and success. Therefore, at Continental Insurance new recruitment is

based on alignment with the Company's internal culture, in addition to knowledge, skills and attitudes required for the role.

## Training & Development

Training and development forms the axis to the sustainability of our business and into this we have instilled a knowledge gaining culture, which enables individuals to attain their personal goals while working towards the Company's aspirations. Melstacorp is facilitating all the training programmes for the Group. The training programmes span on the job, off the job, external, hands-on and internal programmes, all designed to enhance knowledge, update skills and create an empowered workforce. Continental Insurance provides training across the board to all its employees to enhance their technical skills, not forgetting to harness their soft skills, crucial to delivering a better customer service, in line with the strategic vision of the Company. Bellvantage focuses on developing employees with continuous improvement strategies. The specialised trainers and quality evaluators give them continuous support and guidance.

In addition to the in-house trainings, the Company initiated outward bound training programmes with team building activities. At Balangoda Plantations, conducted a series of training sessions on quality manufacture and agricultural practices, teamwork, career growth and development, health and safety instructions.

## Recognition & Staff Well- Being

The Melstacorp HR Policy is based on the belief that a satisfied employee is a motivated employee who will contribute towards achieving Company goals voluntarily, while being more productive. We have continuously infused numerous

rewards and remuneration schemes, while adding welfare initiatives that would add value to our employees to better their lifestyles. Given below briefly are some of the more important initiatives currently in place:

### DCSL

Continuous remuneration reviews and increases according to predetermined scales, which could also be tied to performance incentives and bonus schemes.

A range of insurance policies are in effect including Workmen's Compensation and Personal Accident Insurance. DCSL PLC offers all employees this 24-hour insurance cover which includes a natural death cover. DCSL holds annual staff get-together, annual cricket tournament, sports days with indoor and outdoor sports events and children's parties to build team spirit and facilitate fun and friendship. Long-serving employees (over 40 years) of DCSL were felicitated with recognition and rewards.

### Periceyl

A continuous chain of performance related incentives including social activities, training initiatives and excursions/trips are extended to high achievers.

### Continental Insurance

The Continental Insurance HR Policy aligns remuneration with employee performance and the reward strategy not only focuses on monetary rewards, which will have a short-term impact on employee behaviour, but also timely appreciation and recognition of employees. All employees and their immediate family members are covered under the staff medical scheme which will ease the financial burden when hospitalisation is required.

## Occupational Health & Safety

As a diversified conglomerate with interests in wide-ranging economic activities including manufacturing, it is imperative that we make our workplaces safe. Occupational Health and Safety remains a high priority for the Melstacorp Group and our beverage sector has taken numerous steps to ensure, to the best of our ability, that the workplace is safe, hygienic and not harmful to our team's health. Our manufacturing processes conform to accepted industry guidelines and practices in safety management and we have set for ourselves a target of 'a zero accident workplace'. By being proactive, conscious and focused, we have inculcated a conscience and culture of prevention, while team members have been trained to remain alert to any gaps and hazards that may arise.

## Giving back to the Community

During the year Balangoda Plantations conducted a series of Health-related activities, awareness programmes and training sessions to provide a healthy and safe working environment for the estate community.

Melstacorp believes that most effective social investments are serving the community through these types of programmes and initiatives in the future. Balangoda Plantations contributes towards community development by providing financial support to workers including short-term loans, housing loans and distress assistance, facilitating the purchase of goods and equipment on easy payment schemes, death benefit scheme through the Estate Worker Housing Cooperatives, which are actively functioning at Balangoda Plantations.

# SUSTAINABILITY REPORT

## Health, Housing and Sanitation

Both Balangoda and Madulsima Plantations have been actively involved in uplifting the lifestyles of its estate community by facilitating new housing and better working conditions. In addition, numerous awareness programmes were undertaken towards improving the socio-economic growth and health and nutritional status, and living environment, youth empowerment and community capacity building, of the resident plantation population.

### Housing Facilities

During the current year too, Balangoda and Madulsima Plantations continued their efforts at upgrading living standards of the plantation community. Balangoda and Madulsima plantations upgraded and modernised the restroom facilities for the workers with the support from various stakeholders such as Sri Lanka Government, World Bank and Indian High Commission, etc.

### Health Care and Safety

Balangoda Plantations manages a number of child care centres and preschools within the plantations. The child care centres are supported by full-time trained teachers and nutritional feeding programmes. Regular child immunisation programmes are also conducted at the child care centres, ensuring access to proper child immunisation for estate children.

Further, awareness programmes on improving nutritional status of women and children, dental

clinics, awareness programmes on prevention and detection of cancer, disaster management and rehearsals on landslide situations, are some of the many activities carried out to create a healthy community.

## Economic Contribution

Today, although our core business is beverages, our scope of business is diverse transcending different spheres across the national economy. Over the years, we have made inroads in telecommunication, plantations, textiles, BPO, logistics, leisure, insurance, media, hydro- power and healthcare committing ourselves to add economic value to all these industry sectors, while being responsible for our actions and the decisions we make. Therefore, as a leading corporate, we will strive towards building continuous sustainable value, generating returns for our shareholders, while ensuring that we consciously do the right thing not only for our stakeholders, but for the environment as well. It is this holistic outlook that allows us to work proactively with all our stakeholders, creating shareholder wealth and social value, inspiring our team and permeating best practices among our suppliers.

Given our leadership status in the beverages industry, the company has been subjected to numerous actions, diktats and mandates that have continually stifled the legal alcohol and spirits industry, which have only served to allow the illegal trade to flourish. We believe that this situation will eventually take a toll on the nation's health, both economically and socially. We are by far one of the largest contributors to the national treasury, having paid Rs. 89 Bn as taxes at Group level this year. It is these funds that are eventually used by the State for meeting its development goals. Therefore, we are proud to be a major contributor to national development, as a legal, law-abiding corporate citizen with future potential to contribute toward the nation's development agenda. The diversification of the Melstacorp Group into various industries has benefited the national economy through investments in human

capital and infrastructure, employment opportunities, uplifting industry standards and wider consumer choices. Our infrastructure investments into plant and machinery conform to stringent standards that naturally add value to the overall economy.

Similarly, all companies in the Group conform to numerous and relevant international standards and have gained certifications of compliance, which means that the entire industry is being improved through the setting of higher benchmarks.

Currently, the Melstacorp Group provides employment to 21,132 people while indirectly granting employment to many others. The benefits, remuneration, rewards and welfare gained by our employees also ensures that their families gain an improvement in their lifestyles, while additional education and training adds to elevating knowledge levels amongst our team.

## Industry Leadership

Melstacorp Group has contributed to industry development in different spheres of operations through knowledge sharing, innovative solutions and the latest technologies. Our companies embrace international best practices, standards and quality certifications that have contributed towards setting new standards within the industries we operate in. However, we have also shared our knowledge, skills and expertise with other corporates and like-minded individuals, as we believe knowledge sharing among the industry is vital for sustained growth and ultimately national development.

## Investor Relations

Melstacorp continued to attract high-level interest from foreign investors during the current financial year. We have conducted many meetings with

current and prospective shareholders during the year. Such interest in the Company is symptomatic of positive external perceptions regarding the Company's future potential towards growth in shareholder value.

## Supplier Engagement

Forging strong supplier relationships offers a comprehensive way for Melstacorp to assess and streamline the processes between our organisation and our suppliers for an effective partnership. In reality, suppliers are people as well and we believe in emotionally engaging with our suppliers so that they work harder for us and help us cover potential risk areas. Whatever the size or category of supplier, Melstacorp's Supplier Policy ensures a level playing field and equal opportunities for all our suppliers. We have procedures in place to ensure responsible behaviour towards all our suppliers, while committing our suppliers towards reciprocity in responsible behaviour towards the Company.

This ensures our stringent quality and standards are understood and met by all our suppliers. We believe strongly in positioning our supplier philosophy on good corporate conduct, sourcing and producing responsible quality products and influencing a win-win relationship worked on a platform of mutual benefit. Just as we position ourselves as a responsible industry leader, we strongly believe that we must permeate the best practices we have within our business, the standards and integrity and compliance initiatives to our entire supply chain. This in effect cascades to quality, productivity and standards overall being improved.

Melstacorp has a widespread and diverse supply chain spanning the full range of businesses from micro entrepreneurs, to SMEs to large corporates. We also emphasise among our supply chain

and valued business partners the need to implement and promote business practices that not only encourage a safe workplace, but also request them 'to do right' by the environment, their employees and communities. In other words, we want them to, in turn, be responsible entities and individuals. Suppliers and business partners, once among the Melstacorp Group, are provided with further support and guidance, enabling improvement against these principles as the business relationship develops. Our suppliers are selected on pre-determined criteria that would position them and align them to our standards and principles. This conformance goes beyond compliance and would by no means involve us in engaging or aiding and abetting illegal or hazardous and dangerous activities. We want our suppliers to be partners with us, in joining us in our journey that will truly be one of mutual respect, understanding and trust. We Seek Suppliers into Our Value Chain who proactively support our efforts to combat illegal and illicit trade practices; comply with laws and regulations pertaining to conducting business and environmental performance, occupational health and safety; do not support or condone child labour, slavery, harassment, corporal punishment or discrimination of gender or any other denominator; are cognisant of human rights and the rights of workers; do not engage in any fraudulent or corrupt practices; provide their teams with a safe and healthy work environment; and actively engage to empower the communities in which they operate.

## Customer Interaction

We believe that nurturing our customers is an ongoing dialogue and not a one-off event. Nurturing an ongoing and genuine relationship with customers will have a major impact on the way they perceive our brand but also serve

to strengthen our operations through focused customer feedback. We engage our customers in numerous ways, nurturing and strengthening relationships to ensure strong loyalty to brand and product. From face-to-face ad hoc conversations, to conducting customer surveys, to formal gatherings and informal events, we are constantly engaged with our consumer. It is this feedback and varied dialogue and communication channels we have created that have assuredly enabled us to charter our future plans. Our beverage business is fundamentally about offering adult consumers a range of high-quality products and brands with the necessary knowledge to make informed choices. We do not in any way coerce or inveigle our customers to stay with us and our portfolio of products by any illegal or unscrupulous means. Moreover, though engaged in a legal industry forced to work in a dark market, prohibitive excise duties and constant taxation, our products have remained at the helm, which has thus driven us to continually exceed our customers' demands. We do believe it is our responsibility to ensure that consuming alcohol must be done responsibly, knowing that the product is manufactured to high standards and is a proven brand of quality. Therefore, we are vociferous in numerous forums to curb and annihilate the illicit and illegal liquor trade. We work on education and awareness initiatives among various forums to take the message of the hazards and dangers posed to the eventual consumer in drinking illicit brew or illegal liquor, given that the latter too has no guarantee of quality.

Our subsidiary companies have continued to gain the trust and loyalty of their customers through their customer centric policies, innovative solutions and technology applications for increased cost savings and higher customer value creation. The introduction of this latest technology is to offer world-class data

# SUSTAINABILITY REPORT

solutions to customers, while providing access to greater bandwidth capacity at faster speeds. Continental Insurance provides comprehensive policies to large hotel chains operating luxury properties in Sri Lanka and the Maldives. CILL operates an Android mobile application to all technical assessors to facilitate efficiency in the processing of claims. In addition, payments of premiums online were also implemented in order to cater to the growing market of online users, thereby giving customers enhanced service with greater convenience and ease.

## Awards & Recognitions

- Melstacorp awarded rank 04 in Business Today's Top 40 edition.
- DCSL awarded ranked No 13 in Business Today's Top 40 edition.
- Continental Insurance – Fasters Growing Non-life Insurance Company in Sri Lanka 2023 by Global Banking and Financial Review.
- Continental Insurance – Domestic General Insurer of the year – Insurance Asia Awards 2023.
- Continental Insurance - Decade of Excellence Insurance Sri Lanka 2023 Global Banking and Finance Review.

## Long-term Sustainability Goals

1. Be known as the preferred employer having the ability to attract and retain talented people, inducting them in a knowledge- based corporate culture, while assuring them of career enhancement in a responsible company they will be proud to be a part of.
2. Retain market leadership by ensuring that we work on high quality sustainable competitive advantages to infuse trust and loyalty among our customer base by evolving the business to be ahead of customer expectations, which in turn will deliver qualitative and quantitative sustainable returns.
3. Never lose sight of the tenets of corporate stewardship; instil governance and regulatory best practices, while demonstrating our commitment to being an ethical, transparent and accountable group of companies.
4. Create economic and social value among the communities we work with, supporting both the rural and urban economies and key industries that are earmarked to be drivers in national development.
5. Be a Green Ideologue; an advocate who will address environmental issues and 'change' the direction of climate change, walking the talk to spread the need to reduce our carbon footprint and ensure a better planet for future generations.

# CORPORATE GOVERNANCE

## Strive to achieve corporate objectives of managing strategy, risk and compliance to ensure long-term returns to stakeholders.

### Enterprise Governance

Working on an integrated approach for applying governance throughout the organisation, Melstacorp practices the key principle of infusing the tenet that everyone is responsible for the performance of the Group, the management of risk and value creation. We strongly recommend and commit ourselves in ensuring that enterprise governance operates through people, processes, policy, procedure, culture and ethics.

The principles of governance are applied effectively by the Board of Directors and are seen in the consistent growth performance of the Group, while also improving the long-term return to stakeholders. Beyond the Board, the application of governance methodologies and the integration of governance into other organisational functions, we strongly believe that it has significantly benefited the long-term performance of Melstacorp.

To further augment our effective governance strategies, we have implemented the following:

- Strive to achieve corporate objectives of managing strategy, risk and compliance to ensure long-term returns to stakeholders.
- Oversee business objectives including management of IT, sustainability, finance and project portfolio management to ensure sustainable consistent results.
- Board of Directors remains emphatic on due diligence to ensure accountability, transparency and sincerity of action.

- Implemented an environment of responsible and balanced corporate governance that enhances integrity and respect for the Company and ensures the Company's stewardship and stability in the industry and market.
- Introduced a culture in which the entire organisation takes ownership for risk, compliance and performance.

We infuse governance tenets that continue to hold us in high esteem and as a spearhead among our shareholders, stakeholders and peers. This is further augmented with our Board's adherence to the highest standard of corporate behaviour and ethics at all times. To remain at the helm of Sri Lanka's corporate landscape, we realise that we must incorporate new dimensions into our core decision-making processes and practice due diligence to protect the interests of our shareholders, while maintaining an unrelenting focus on the expectations of other stakeholder segments.

Melstacorp has a strong and sound foundation of sustainability principles that remain the overarching fundamentals in instituting and maintaining uncompromising governance practices and principles. The section of the report details the governance structure and the practices and guidelines. Melstacorp has adopted in ensuring that we remain within the parameters of the numerous regulatory and authorised bodies that govern the industry and the Company. We stringently adhere to and comply with the mandates of the Colombo Stock

Exchange and Securities & Exchange Commission of Sri Lanka, NATA, Excise Department, Central Bank of Sri Lanka and the Government Treasury, Institute of Chartered Accountants of Sri Lanka, Telecommunication Regulatory Commission of Sri Lanka, Insurance Board of Sri Lanka, Central Environmental Authority, relevant Ministry and Departmental authorisations and regulations, and numerous codes introduced by Professional Associations and the Chamber of Commerce from time to time.

This corporate governance statement defines in detail the structures and processes that we use in our organisation to balance the interests of our stakeholders, reviewed at regular intervals to ensure that Group's expectations are met and are aligned with evolving growth strategies.

### The Board of Directors

#### Role of the Board of Directors

The Board of Directors is responsible to the Company's shareholders to ensure at all times that the activities of the Company are conducted to the highest ethical standards and in the best interest of all stakeholders.

The key responsibilities of the Board are;

- To enhance shareholder value.
- Provide direction and guidance in formulating corporate strategies.
- Monitor systems and procedures especially with regard to internal controls and risk management.
- Approve major investments.

# CORPORATE GOVERNANCE

Name of Director	Status	Attendance
Mr. D. H. S. Jayawardena	Chairman	5/5
Mr. M. A. N. S Perera (Appointed w.e.f. 02.01.2023)	Managing Director	1/5
Mr. A. L. Gooneratne (Resigned w.e.f. 15.09.2022)	Managing Director	2/5
Mr. C. R. Jansz	Executive Director	5/5
Mr. N. de S. Deva Aditya	Independent Non-Executive Director	4/5
Mr. K. J. Kahanda	Non-Independent Non-Executive Director	4/5
Mr. A. N. Balasuriya	Independent Non-Executive Director	5/5
Mr. D. Hasitha S. Jayawardena	Non-Independent Non-Executive Director	5/5
Ms. D. S. T. Jayawardena (Appointed w.e.f. 15.09.2022)	Non-Independent Non-Executive Director	3/5
Mr. L. U. D. Fernando (Appointed w.e.f. 22.09.2022)	Executive Director	3/5
Mr. M. R. Mihular (Appointed w.e.f. 01.04.2023)	Independent Non-Executive Director	N/A
Mr. R. Seevaratnam (Demised on 19.01.2023)	Independent Non-Executive Director	3/5

## Composition of the Board and Independence

The Board of Directors of Melstacorp comprises the Chairman, three Executive Directors, three Non-Independent Non-Executive Directors and three Independent Non-Executive Directors as given in the table above. Brief profiles of the Directors are given on pages 16 to 19.

## Melstacorp PLC

The Board considers that the three Non-Executive Directors of the Company are independent in accordance with the criteria given within the Listing Rules of the CSE subject to the following.

Mr. N. De S. Deva Aditya has been serving as a non-executive independent director of the Board for over nine (9) years. He is also a member of the audit committee, and the remuneration committee. The Board has determined that Mr. N. De S. Deva Aditya is an independent director irrespective of Section 7.10.4 (e) of the CSE Listing Rules after taking into consideration all the relevant circumstances, including the fact that he resides overseas and he is not directly or indirectly involved in the day-to-day management of the Company.

Dr. A. N. Balasuriya has been serving as a non-executive independent director of the Board for over nine (9) years. He is also the chairman of the remuneration committee, and a member of the audit and related party transaction review committees. The Board has determined that Dr. A. N. Balasuriya is an independent director irrespective of Section 7.10.4 (e) of the CSE Listing Rules after taking into consideration all the relevant circumstances, including the fact that he is not directly or indirectly involved in the day-to-day management of the Company.

Further, the Board has determined that the independence of directors of Mr. N. De S. Deva Aditya, Dr. A. N. Balasuriya are not compromised as per the Section 7.10.4 (g) of the CSE Listing Rules by virtue of them being independent directors of its subsidiary Distilleries Company of Sri Lanka PLC, where a majority of other directors are also the directors of the Company, having taken account all the circumstances including that they are not directly or indirectly involved in the day-to-day management of both the Company or its subsidiary Distilleries Company of Sri Lanka PLC.

## Meetings and Attendance

The attendance of the meetings of the Board during the year is given above.

## Board Committees

Certain responsibilities of the Board have been delegated to the following sub-committees;

### Audit Committee

The Audit Committee comprises three independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows;

Mr. M. R. Mihular - Chairman  
Dr. A. N. Balasuriya  
Mr. N. de S. Deva Aditya  
Mr. D. Hasitha S. Jayawardena

Subsequent to the demise of Mr. R. Seevaratnam on 19 January 2023, Mr. M. R. Mihular was appointed as the Chairman of the Audit Committee w.e.f. 01 April 2023.

The detailed report of the Audit Committee is given on pages 54 to 55.

### Remuneration Committee

The Remuneration Committee has two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows;

Dr. A. N. Balasuriya - Chairman  
Mr. N. de S. Deva Aditya  
Mr. D. Hasitha S. Jayawardena

The report of the Remuneration Committee is given on page 56.

### Related Party Transactions Review Committee

The Related Party Transactions Review Committee is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows;

Mr. M. R. Mihular - Chairman  
Dr. A. N. Balasuriya  
Mr. D. Hasitha S. Jayawardena

Subsequent to the demise of Mr. R. Seevaratnam on 19 January 2023, Mr. M. R. Mihular was appointed as the Chairman of the Audit Committee w.e.f. 01 April 2023.

The report of the Related Party Transactions Review Committee is given on page 57.

### Nomination Committee

Nomination Committee comprises of two Independent Non-Executive Directors and one Non-Independent Executive Director as follows;

Mr. N. de S. Deva Aditya - Chairman  
Mr. C. R. Jansz  
Dr. A. N. Balasuriya

### Investor Relations

One of the prime fundamentals that are prevalent and identified with the Group's sustained success and growth has been the close rapport in investor relations. Given that we are mandated to safeguard and create shareholder wealth and are duty bound to share all Company information with our shareholders at all times in order to nurture sustainable relationships with our stakeholders, we foster effective dialogue and engagement with the relevant stakeholders and the financial community. We strongly believe that it is our strategic management responsibility to maintain an open line of communication with shareholders and address any concerns or issues that may require discussion or resolution. The designated investor relations officers regularly meet shareholders and fund managers to fuel these long-term relationships, providing information and answering any queries. Further, the Group possesses performance measurement tools to ensure that these objectives are met.

Apart from personal interaction with stakeholders, our Quarterly Financial Statements and the Annual Report offer a comprehensive image of the Group's performance, constituting the principal means of communication with shareholders.

### Internal Controls

The Board instills and maintains a strong set of internal controls to safeguard shareholder wealth. The responsibility of the Board has been clearly stated as one where it is in charge of the Group's internal control systems and will regularly review if they are adequately safeguarding the Company and shareholder assets while supplying precise and timely information for informed decision making. The responsibility of the Board covers financial, operational and compliance related activities and risk management.

The main companies in the Group have established internal audit divisions that are controlled by the annual internal audit plans approved by the respective Boards. The Audit Committee reviews and monitors the activities and the findings of the internal audit divisions at regular intervals.

### Going Concern

After an extensive review of the Group's corporate plan, budgets, capital expenditure requirements and future cash flows, the Financial Statements have been prepared on going concern basis. Further, the Board is satisfied that the Group possesses the necessary funds for adequate liquidity and to sustain its operations for the foreseeable future.

The Company's compliance with the CSE Listing Rules and the best practices set out in the Code of Best Practice on Corporate Governance issued jointly by CASL and SEC is set out in the table that follows.

# CORPORATE GOVERNANCE

Section	Applicable Rule	Compliance Status	Details
7.10.1	Non-Executive Directors At least one-third of the total number of Directors should be Non-Executive Directors.	Complied	Seven out of ten Directors are Non-Executive Directors
7.10.2(a)	Independent Directors Two or one-third of Non-Executive Directors, whichever is higher, should be Independent.	Complied	Three out of seven Non-Executive Directors are Independent
7.10.2(b)	Independent Director's Declaration each Non-Executive Director should submit a declaration of Independence/ Non-Independence in the prescribed format.	Complied	Please refer page 40
7.10.3(a)	Disclosure relating to Directors The Board shall annually make a determination as to the independence or otherwise of the Non-Executive Directors and names of Independent Directors should be disclosed in the Annual Report.	Complied	Please refer page 40
7.10.3(b)	Disclosure relating to Directors The basis for the Board to determine a Director is Independent, if criteria specified for Independence is not met.	Complied	Please refer page 40
7.10.3(c)	Disclosure relating to Directors A brief resume of each Director should be included in the Annual Report and should include the Director's areas of expertise.	Complied	Please refer pages 16 to 19
7.10.3(d)	Disclosure relating to Directors Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the Exchange.	Complied	Four new Directors were appointed during the year.
7.10.4	Criteria for defining 'Independence' Selection criteria of Independent Directors of a listed company.	Complied	Please refer page 40
7.10.5	Remuneration Committee A listed Company shall have a Remuneration Committee.	Complied	Please refer page 56
7.10.5(a)	Composition of Remuneration Committee Shall comprise of Non-Executive Directors, a majority of whom will be Independent.	Complied	Please refer page 56
7.10.5(b)	Functions of Remuneration Committee The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors.	Complied	Please refer page 56
7.10.5(c)	Disclosure in the Annual Report The Annual Report should set out;		
	i. Names of the Directors comprising the Remuneration Committee.	Complied	Please refer page 56

Section	Applicable Rule	Compliance Status	Details
	ii. Statement of Remuneration Policy.	Complied	Please refer page 56
	iii. Aggregated remuneration paid to Executive and Non-Executive Directors.	Complied	Please refer Note 11 to the Financial Statements
7.10.6	Audit Committee The Company shall have an Audit Committee.	Complied	Please refer Audit Committee report on pages 54 to 55
7.10.6(a)	Composition	Complied	Please refer page 54
	i. Shall comprise Non-Executive Directors, a majority of whom will be Independent.		
	ii. One Non-Executive Director shall be appointed as Chairman of the committee.	Complied	Please refer page 54
	iii. Chief Executive Officer and Chief Financial Officer shall attend Committee meetings.	Complied	Please refer page 54
	iv. The Chairman or one member of the Committee should be a member of a professional accounting body.	Complied	Please refer page 54
7.10.6(b)	Functions	Complied	
	i. Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards.		
	ii. Overseeing the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.	Complied	
	iii. Overseeing the process to ensure that the Entity's internal controls and risk management, are adequate to meet the requirements of the Sri Lanka Accounting Standards/IFRS migration.	Complied	Please refer Audit Committee report on pages 54 to 55
	iv. Assessment of the independence and performance of the entity's External Auditors.	Complied	
	v. Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors and to approve the remuneration and terms of engagement of the External Auditors.	Complied	
7.10.6(c)	Disclosure in Annual Report	Complied	Please refer Corporate Governance report on page 40 and Audit Committee report on pages 54 to 55
	i. The names of the Directors comprising the Audit Committee.		
	ii. Basis of the determination of the Independence of the Auditors.	Complied	
	iii. Report by the Audit Committee setting out the manner of compliance by the Company.	Complied	
9.2.1 & 9.2.3	Related Party Transactions Review Committee.	Complied	The functions of the Committee are stated in the Related Party Transactions Review Committee report on page 57

# CORPORATE GOVERNANCE

Section	Applicable Rule	Compliance Status	Details
9.2.2	Composition of the Related Party Transactions Review Committee.	Complied	Please refer the Related Party Transactions Review Committee Report on page 57.
9.2.4	Related Party Transactions Review Committee Meetings.	Complied	Please refer the Related Party Transactions Review Committee Report on page 57.
9.3.1	Immediate disclosures.	Complied	
9.3.2(a)	Disclosure - Non-Recurrent Related Party Transactions	Complied	Please refer Note 36.2.3 of the Financial Statements
9.3.2(b)	Disclosure - Recurrent Related Party Transactions	Complied	Melstacorp PLC carries out transactions with its subsidiaries and expected to extend over a period which are carried out on continuous basis and are of time in the ordinary course of the business of the Company. Please refer Note 36.2.4 of the Financial Statements.

Code of Best Practice of Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA-Sri Lanka).

Ruling Index	Description of the Ruling	Compliance Status	Details
A.	The Board		
A.1	Company to be headed by an effective board to direct and control the Company.	✓	Board consists of members who are qualified and experienced in various fields. Please refer Corporate Governance report on page 39.
A.1.1	Regular Board meetings and supply of information.	✓	Please refer Corporate Governance report on page 39.
A.1.2	The Board should be responsible for matters including implementation of business strategy, skills and succession of the management team, integrity of information, internal controls and risk management, compliance with laws and ethical standards, stakeholder interests, adopting appropriate accounting policies and fostering compliance with financial regulations and fulfilling other Board functions.	✓	Please refer Corporate Governance report, Annual Report of the Board of Directors and report of Audit Committee for the details.
A.1.3	Act in accordance with the laws of the country and obtain professional advice as and when required.	✓	Please refer Annual Report of the Board of Directors on page 58.

Ruling Index	Description of the Ruling	Compliance Status	Details
A.1.4	Access to advice and services of the Company Secretary.	✓	The Company Secretary position is headed by a professionally-qualified Company Secretary.
A.1.5	Bring independent judgment on various business issues and standards of business conduct.	✓	All Board members actively participate in Board meetings by bringing up their own independent judgment.
A.1.6	Dedication of adequate time and effort.	✓	The Directors dedicate sufficient time before a meeting to review Board Papers and call for additional information and clarification if necessary, and follow up issues consequent to the meeting.
A.1.7	Board induction and training.	✓	The Directors are provided with training as and when it is required.
A. 2	Chairman and Chief Executive Officer.		
A.2.1	Justification for combining the roles of the Chairman and CEO.	✓	The positions of Chairman and CEO are separated.
A.3	Chairman's Role		
A.3.1	The Chairman should ensure Board proceedings are conducted in a proper manner.  Effective participation of both Executive and Non-Executive Directors.  Balance of power between Executive and Non-Executive Directors.	✓	Please refer Corporate Governance report on page 39 for the following details.
A.4	Financial Acumen		
A.4	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	✓	Please refer the Audit Committee report on page 54.
A.5	Board Balance		
A.5.1	In the event the Chairman and CEO are the same person, Non-Executive Directors should comprise a majority of the Board.	N/A	N/A
A.5.2	Where the constitution of the Board of Directors includes only two Non-Executive Directors, both such Non-Executive Directors should be 'Independent'	✓	Board of Directors consists of seven Non-Executive Directors, out of which three Directors are Independent. Please refer page 40.
A.5.3	Definition of Independent Directors.	✓	Please refer Corporate Governance Report on page 40.
A.5.4	Declaration of Independent Directors.	✓	Please refer Corporate Governance Report on page 40.
A.5.5	Board determinations on Independence or Non-Independence of Non-Executive Directors.	✓	Please refer Corporate Governance Report on page 40.
A.5.6	If an Alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an Executive of the Company.	N/A	N/A

# CORPORATE GOVERNANCE

Ruling Index	Description of the Ruling	Compliance Status	Details
A.5.7	In the event the Chairman and CEO is the same person, the Board should appoint one of the Independent Non-Executive Directors to be the "Senior Independent Director" (SID).	N/A	N/A
A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns.	N/A	N/A
A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present.	✓	
A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board minutes.	✓	
A.6	Supply of information		
A.6.1	The Board should be provided with timely information to enable it to discharge its duties.	✓	
A.6.2	Timely submission of the minutes, agenda and papers required for the Board Meeting.	✓	
A.7	Appointments to the Board		
A.7	Formal and transparent procedure for Board appointments.	✓	
A.7.1	Nomination Committee to make recommendations on new Board appointments.	✓	
A.7.2	Assessment of the capability of the Board to meet strategic demands of the company.	✓	
A.7.3	Disclosure of new Board member profile and Interests.	✓	
A.8	Re-election		
A.8/ A.8.1/ A.8.2	Re-election at regular intervals and should be subject to election and re-election by shareholders.	✓	Please refer Annual Report of the Board of Directors on page 58 to 60.
A.9	Appraisal of Board Performance		
A.9.1	The Board should annually appraise itself on its performance in the discharge of its key responsibilities.	✓	
A.9.2	The Board should also undertake an annual self-evaluation of its own performance and that of its committees	✓	
A.9.3	The Board should state how such performance evaluations have been conducted.	✓	
A.10	Disclosure of Information in Respect of Directors		
A.10.1	Profiles of the Board of Directors and Board meeting Attendance.	✓	Please refer page 16 to 19 and Corporate Governance Report on page 40.

Ruling Index	Description of the Ruling	Compliance Status	Details
A. 11	Appraisal of the Chief Executive Officer		
A.11.1/ A.11.2	Appraisal of the CEO against the set strategic targets.	✓	The CEO's performance is reviewed annually.
B.	Directors' Remuneration		
B.1	Remuneration Procedure		
B.1.1	The Board of Directors should set up a Remuneration Committee.	✓	
B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors.	✓	Please refer Remuneration Committee report on page 56.
B.1.3	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	✓	
B.1.4	Determination of the remuneration of Non- Executive Directors.	✓	Please refer Remuneration Committee report on page 56.
B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors.	✓	Please refer Remuneration Committee report on page 56.
B.2	The level and makeup of remuneration		
B.2.1 to B. 2.4	Performance related elements in pay structure and alignment to industry practices.	N/A	N/A
B.2.5	Executive share options should not be offered at a discount.	✓	
B.2.6	Designing schemes of performance-related remuneration.	✓	
B.2.7/ B.2.8	Compensation commitments in the event of early termination of the Directors.	✓	
B.2.9	Level of remuneration of Non-Executive Directors.	✓	
B.3	Disclosure of remuneration		
B.3/ B.3.1	Disclosure of remuneration policy and aggregate remuneration.	✓	Please refer Remuneration Committee report on page 56 and Note 11 to the Financial Statements.
C.	Relations with Shareholders		
C.1	Constructive use of the Annual General Meeting (AGM) and conduct of general meetings.	✓	The Company holds the AGM within the appropriate regulatory time intervals and effectively uses it for communication with shareholders.
C.1.1	Counting of proxy votes.	✓	
C.1.2	Separate resolution to be proposed for each item.	✓	
C.1.3	Heads of Board Sub-Committees to be available to answer queries.	✓	
C.1.4	Notice of Annual General Meeting to be sent to shareholders with other papers as per statute.	✓	Please refer the page 219 of the Annual Report for the notice of the meeting.

# CORPORATE GOVERNANCE

Ruling Index	Description of the Ruling	Compliance Status	Details
C.1.5	Summary of procedures governing voting at general meetings to be informed.	✓	
C.2	Communication with Shareholders		
C.2.1	Channel to reach all shareholders to disseminate timely information.	✓	
C.2.2/ C.2.7	Policy and methodology of communication with shareholders and implementation.	✓	
C.3	Major and material transactions including major related party transactions		
C.3.1	Disclosure of all material facts involving all material transactions including related party transactions.	✓	Please refer Note 36 the Financial Statements.
D.	Accountability and Audit		
D.1	Financial Reporting		
D.1.1	Disclosure of interim and other price-sensitive and statutorily mandated reports to regulators.	✓	The Board presents a balanced and understandable assessment that extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements complying with regulatory deadlines.
D.1.2	Declaration by the Directors that the Company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary.	✓	Please refer Annual Report of the Board of Directors on page 58.
D.1.3	Statement of Directors' Responsibility.	✓	Please refer the Statement of Directors' Responsibility on Page 62.
D.1.4	Management Discussion and Analysis.	✓	Please refer Management Discussion and Analysis from pages 22 to 28.
D.1.5	The Directors should report that the business is a going concern, with supporting assumptions or qualifications as necessary.	✓	Please refer Annual Report of the Board of Directors on page 58.
D.1.6	Remedial action at EGM if net assets fall below 50% of value of shareholders' funds.	N/A	N/A
D.1.7	Disclosure of Related Party Transactions.	✓	Please refer Note 36 of the Financial Statements.
D.2	Internal Control		
D.2.1	Annual review of effectiveness of system of Internal Control and report to shareholders as required.	✓	Please refer Audit Committee Report on page 54 and Annual Report of the Board of Directors on page 58.
D.2.2	Internal Audit Function.	✓	
D.2.3/ D.2.4	Maintaining a sound system of internal control.	✓	

Ruling Index	Description of the Ruling	Compliance Status	Details
D.3	Audit Committee		
D.3.1	The Audit Committee should be comprised of a minimum of two Independent Non-Executive Directors or exclusively by Non-Executive Directors, a majority of whom should be Independent, whichever is higher. The Chairman of the Committee should be a Non-Executive Director, appointed by the Board.	✓	Please refer Audit Committee Report on pages 54 to 55.
D.3.2	Terms of reference, duties and responsibilities.	✓	
D.3.3	The Audit Committee to have written terms of reference covering the salient aspects as stipulated in the section.	✓	
D.3.4	Disclosure of Audit Committee membership.	✓	
D. 4	Code of Business Conduct and Ethics		
D.4.1	Availability of a Code of Business Conduct & Ethics and an affirmative declaration that the Board of Directors abide by such Code.	✓	Please refer Annual Report of the Board of Directors on page 58.
D.4.2	The Chairman must certify that he/she is not aware of any violation of any of the provisions of this Code.	✓	Please refer Chairman's Statement on page 10.
D.5	Corporate Governance Disclosures		
D.5.1	The Directors should include in the Company's Annual Report a Corporate Governance Report.	✓	Please refer Corporate Governance Report from pages 39 to 49.
E.	Institutional Investors		
E.1	Shareholder Voting		
E.1.1	Conducting regular and structured dialogue with shareholders based on a mutual understanding of objectives.	✓	Please refer Corporate Governance Report on page 40.
E.2	Evaluation of Governance Disclosures		
E.2	When evaluating companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	✓	Please refer Corporate Governance Report from page 39.
F.	Other Investors		
F. 1	Investing/Divesting Decision Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	✓	
F. 2	Shareholder Voting Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	✓	
G	Sustainability Reporting		
G.1/ G.1.7	Disclosure of adherence to sustainability principles.	✓	Please refer Annual Report of the Board of Directors from page 58 to 60.

# ENTERPRISE RISK MANAGEMENT

Undoubtedly, there is risk in today's volatile and uncertain business environment, which demands increased transparency within an organisation's risk profile. There are vulnerabilities, probabilities, threats and weaknesses that must be addressed to ensure that risk in any enterprise is mitigated. This greater emphasis on risk and risk management also prompts greater penalties on entities that do not or fail to manage key risks, which naturally permeates to organisations being more cognisant of identifying and assessing risks. In this backdrop, it is also increasingly important that once these risks are identified and assessed, they are managed with predefined tolerances. Any entity faces myriad risks, from well known risks that are inherent and characteristic of the business to unknown risks that may emerge or are just emerging. Risk resilient organisations must objectively assess their existing risk management capabilities, evaluate their organisational culture with regard to risk, performance and reward and implement sustainable risk management practices.

In the current market context, risk is defined as the probability or threat of a liability, loss or other negative occurrence, caused by external or internal vulnerabilities which would affect the desired objectives of the organisation. This also means that stakeholder expectations must be worked into the organisation's risk management strategy. Vulnerabilities could mean exposure that could trigger an adverse outcome and therefore, prevent the achievement of company objectives.

The process of risk management at Melstacorp involves analysing exposure to risks, by identifying vulnerabilities and their probability of occurrence, which determines the way we handle such exposure. This would therefore involve the implementation of numerous policies, procedures and practices that

work in conjunction to identifying, analysing, evaluating, monitoring and prioritising risks, which will follow the application of coordinated and economical solutions that minimise the probability and impact of identified vulnerabilities. Once identified, elimination, reduction, transfer and retention are the broad risk management strategies employed across Melstacorp.

## Changes in Risk Profile

Given the range of industry, geographic locales and market segments that our business spans, the diversification which we have embarked upon provides a prudent pathway that would signal positive correlation between business and environmental risks, while on the converse, expose the Group to a wider spread of risks, as well as opportunities.

This therefore prompts the Melstacorp Board to make risk assessment and identification of mitigating activities a priority and pivotal in achieving the Group's strategic objectives. The Board is tasked with an overall responsibility for monitoring risks and gaining assurance for managing these risks at an acceptable level.

## Strategic Action Plan

Board oversight coupled with a strong organisational ethic is the cornerstone of the Melstacorp risk framework.

The Board remains acutely aware that to generate business value it must manage and oversee all possible risks that the business or external factors could impose on the profitability of the Company, while in tandem, protecting and enhancing shareholder wealth. The Melstacorp Board is committed to deploying the highest standards of risk management to support a strong governance framework, ensuring that shareholder wealth is safeguarded from all the possible risk elements.

A dedicated team has been established to assist the Board in reviewing risk factors at regular intervals. Evaluation meetings are held to ensure that the focus from effective risk coverage remains strong and concentrated. The Board is kept updated on the progress and its opinion sought for mitigating any challenges that may emerge.

## Risk Management Framework

The Group remains committed to increasing shareholder value within a carefully designed risk management framework. An effective risk management framework enables us to prioritise and allocate resources against those risks that underscore the ongoing sustainability of the organisation. Our systematic policies help us to identify and uncover risks and help us to be cognisant of the same. This preparedness builds the resilience of the organisation and allows us to establish procedures for risk mitigation.

The principal risks in achieving the Group objectives of enhancing shareholder value and safeguarding the Group's assets have been identified as set out overleaf. The nature and the scope of risks are subject to change and not all of the factors listed, are within the control of the Group. It should be noted that the other factors beside those listed may affect the performance of the business, although we do reiterate, that we remain very vigilant to both internal and external factors that could prompt risk in any form and therefore, are able to, without delay, implement strategies to prevent, minimise or mitigate those ensuing risks.

Melstacorp Group's risk management framework takes into account the range of risks to be managed, the systems and processes in place to deal with these risks and the chain of responsibility within the organisation to monitor the effectiveness of the mitigation measures

## Risk & Implication

Credit Risk & Implication	Mitigation Strategies
<p>This risk ensues when a Group customer is unable to meet his financial obligations.</p>	<ul style="list-style-type: none"> <li>• Measure, monitor and manage credit risk for each counterpart through clear approval procedures.</li> <li>• Regularly review customers' credit profiles and constantly update records to ensure complete awareness of debtors' status.</li> <li>• Please refer financial risk management Note 45.</li> </ul>
Legal and Regulatory Risk & Implication	Mitigation Strategies
<p>Risks arising from non-conformance to statutory and regulatory requirements remain a reality due to the possibilities of changes to regulations and policies being sudden or constant. It also increases costs and liabilities due to these periodic regulatory changes. The nature of our liquor, telecommunication and insurance businesses continue to be subjected to a steady stream of changes in regulations and extensive compliance requirements. The authorities have severely restricted liquor advertising and limited other forms of communication with consumers via promotional and distribution activities, all of which affect profitability.</p>	<ul style="list-style-type: none"> <li>• Established a dedicated unit to keep abreast of all policy changes, to manage risk and ensure adherence to all regulations.</li> <li>• Recruitment of ex-regulators to senior positions within the Group with the objective to enhance regulatory awareness and increase compliance.</li> </ul>
Investment Risk & Implication	Mitigation Strategies
<p>The Group handles significant market investments which require smooth pre-study, monitoring and control. In this regard, there is stringent conformance by the Board in practising due diligence.</p>	<ul style="list-style-type: none"> <li>• The Managing Director is tasked with tracking returns on Group investments with the assistance of the Finance Manager and Group Financial Controller.</li> <li>• Carry out mark-to-market revaluation of equity portfolios to identify the viability of investments.</li> <li>• The Board develops policies and procedures to ensure that new investments and initiatives are subjected to mandatory compliance procedures.</li> <li>• Regular reviews by the Audit Committee and the Internal Audit Division.</li> </ul>
Human Risk & Implication	Mitigation Strategies
<p>This is the risk arising from the inability to attract and retain skilled staff at middle to senior management levels. The migration of skilled workers, which is a phenomenon across most industry sectors, has created a brain drain and the Group remains at risk of losing key personnel to better job prospects overseas.</p>	<ul style="list-style-type: none"> <li>• Maintaining above-industry remuneration schemes.</li> <li>• Skills upgrading.</li> <li>• Professional growth avenues.</li> <li>• Performance-based reward systems.</li> <li>• Best practices are being introduced and upgraded continually.</li> <li>• Measures taken to retain and minimise casual/temporary labour turnover.</li> </ul>

# ENTERPRISE RISK MANAGEMENT

## Operational Risk & Implication

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The nature of our business renders us vulnerable to several common operational risks including fraud, human error, natural disasters, loss of data and unrequited disclosure of sensitive information.

## Mitigation Strategies

- A structured internal control framework implemented works through a state-of-the-art MIS system, internal audit mechanism and insurance policies.
- A comprehensive system established to ensure that any loss is communicated to all related parties and across the company to prevent similar incidents.
- Regular meetings are conducted to assess these risks.
- Contingency plans are in place to minimise work-stop situations.
- Regular reviews of contingencies and disaster recovery plans.
- Financial risk arising from an operation is covered in the financial risk management note.

## Socio-Political Risk & Implication

Socio-Political risk is the possibility of instability in a country or the world which would cascade to negatively impacting markets. Unrest of any kind could affect investor attitudes towards the markets in general, leading to disruption of business. Continuity of a cohesive policy towards local business is a key element here.

## Mitigation Strategies

- Our diversified portfolio of businesses encompasses investments that will not be minimally impacted. The only exception was the enactment of the Revival of Underperforming Enterprises and Underutilised Assets.
- Act that re-acquired land of Pelwatte Sugar Industries PLC.
- Here again, the impact was managed and legal redress is being sought.

## Technology Risk & Implication

Stemming from the failure of the Group's ICT systems where hardware, software and communications systems may have breakdowns, halts and herald lack of recovery, as a business that leverages strategically on ICT systems, we are very much aware of the potentiality of risk and the cascading negativities that could result in both business and profitability due to Technology Risk. The Group has identified system failures and theft of information as factors that can cause significant levels of operational, reputational and financial loss to the Group.

## Mitigation Strategies

- Implementation of stringent barriers including password protection and restricted access, stringent user guidelines, contingency plans and physical security measures closely monitored by the Central IT Unit.
- Comprehensive backup and recovery systems in place.
- A robust ERP system is deployed in the Company. Phased implementation of the same across Group companies.

### Product Risk & Implication

Product risk implies any negative impact or perceived impact of our products on stakeholders in general which could decrease our market share.

### Mitigation Strategies

- Employing established operating procedures to review and approve all raw material prior to use, to ensure maintenance of quality control.
- Remain emphatic on safety, health and environmental hazards that may ensue due to possible negative publicity.
- Equipping our R & D team with ample knowledge to field any technical questions about our products.
- Marketing and distribution procedures have complete control of the supply chain.

### Foreign Exchange Risk & Implication

Foreign exchange risk typically affects the Group companies involve import and/or export materials, products and services. It also affects investments made in other currencies than in LKR.

### Mitigation Strategies

- Group Treasury has adopted prudent measures to manage the exposure of foreign exchange risk.
- Matching liabilities with corresponding receipts/inflows.
- Continues monitoring process of Group foreign exchange position.
- Negotiate with financial institutions to hedge possible exposures to foreign exchange risk.
- Monitoring local and international events and news related to economics which can impact exchange rates.
- Please refer financial risk management Note 45.

# BOARD AUDIT COMMITTEE REPORT

## Committee

The Board Audit Committee appointed by and responsible to the Board of Directors comprises three Independent Non- Executive Directors and one Non-Independent Non-Executive Director. Mr. R. Seevaratnam, a Fellow Member of the Chartered Accountants of England & Wales, an Independent Non-Executive Director, acted as the Chairman of the Audit Committee until his demise on 19 January 2023. The other members of the Audit Committee comprise Dr. A. N. Balasuriya, Independent Non-Executive Director, Mr. N. de S. Deva Aditya, Independent Non-Executive Director and Mr. D. Hasitha S. Jayawardena, Non-Independent Non-Executive Director.

Subsequent to the demise of Mr. R. Seevaratnam, Mr. M. R. Mihular a Fellow Member of the Chartered Accountants of Sri Lanka was appointed as the Chairman of the Audit Committee w.e.f. 01 April 2023.

A brief profile of each member is given on pages 16 to 19. Ms. N. C. Gunawardena functions as the Secretary to the Audit Committee.

## Meeting

The Board Audit Committee met seven (7) times during the year. Mr. N.de S. Deva Aditya and Mr. D. Hasitha S. Jayawardena could not attend certain meetings during the year, due to their engagements overseas.

Nevertheless, Mr. Deva Aditya and Mr. Hasitha were kept informed of all the proceedings of the Audit Committee and their opinion was sought on important matters.

The attendance of the members at these meetings is as follows:

Mr. R. Seevaratnam (Deceased on 19-01-2023)	5/7
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Dr. A. N. Balasuriya	7/7
Mr. D. Hasitha S. Jayawardena	4/7
Mr. N. de S. Deva Aditya	5/7

The Managing Director, Group Financial Controller and Head of Systems Control & Internal Audit also attend these meetings by invitation when needed.

## Terms of Reference

The Board Audit Committee Charter approved and adopted by the Board clearly sets out the terms of reference governing the Audit Committee ensuring the highest compliance with Corporate Governance Rules applicable to Listed Companies in accordance with the Rules of the CSE and the Code of Best Practice on Corporate Governance. As allowed by the Listing Rules of the Colombo Stock Exchange, the Audit Committee of the Company, functions as the Audit Committee of each of the subsidiary companies which have not appointed a separate Audit Committee. All matters are dealt within the Agenda of the Parent Company Audit Committee.

## Role of the Board Audit Committee

The Board Audit Committee in its role assists the Board in fulfilling their responsibility with regard to:

- Ensuring the integrity of the statements of the Company and that good financial reporting systems are in place and is managed in order to give accurate, appropriate and timely information to the management, regulatory authorities and shareholders in accordance with the financial reporting standards of the Institute of Chartered Accountants of Sri Lanka, Companies Act No: 07 of 2007, the Sri Lanka Accounting and Auditing Standards and the Continuing Listing Rules of the Colombo Stock Exchange.

- Assessing the independence and monitoring the performance of external auditors.
- Ensuring the Company's internal control and risk management process operates efficiently and effectively.
- Ensure compliance with applicable laws, regulations and policies of Melstacorp Group and Company.
- Assess the Company's ability to continue as a going concern in the foreseeable future.

## Internal Audit

The internal audit function of the Company was carried out by the Systems Control and Internal Audit Division. The Committee reviewed the effectiveness of the internal audit plan to ensure that it was designed to provide reasonable assurance that the financial reporting system adopted by the Group can be relied upon in the preparation and presentation of the Financial Statements. The Committee also reviewed the findings of the Internal Auditors and their recommendations together with the management responses and regularly followed up the progress of the implementation of such recommendations in order to enhance the overall control environment.

## External Audit

The Audit Committee met with the External Auditors to discuss the scope and the audit strategy including the coordination of the Group Audit. The Committee also reviewed the Report of the Auditors and Management Letters issued by them with and without the Management on separate occasions to ensure that no limitations were placed on their independence of work and conduct of the audit. The Committee carried out an annual evaluation of the External Auditors to establish their independence and objectivity and also

obtained a written declaration from the Auditors in this regard. The Committee stipulated that the Lead Audit Partner is rotated every seven years. The Audit Committee recommended to the Board of Directors that Messrs. KPMG be reappointed as Auditors for the financial year ending 31 March 2024.

### **Compliance with Laws and Regulations**

The Committee reviewed the quarterly compliance report submitted by the relevant officers to ensure that the Group complied with all statutory requirements.

### **Conclusion**

The Audit Committee is satisfied that the Group's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Group are managed in accordance with Group policies and that Group assets are properly accounted for and adequately safeguarded.



**M. R. Mihular**  
Chairman  
Audit Committee

31 August, 2023

# REMUNERATION COMMITTEE REPORT

## Committee

The Remuneration Committee is appointed by and is responsible to its Board of Directors. It consists of two Independent Non-Executive Directors, namely Mr. N. de S. Deva Aditya, and Dr. Naomal Balasuriya who chairs the Committee and one Non-Independent Non- Executive Director Mr. D. Hasitha S. Jayawardena. Brief profiles of these Directors are given on pages 16 to 19. Ms. N. C. Gunawardena functions as the Secretary to this Committee.

## Terms of Reference

The Remuneration Committee is governed by the Remuneration Committee Charter, which has been approved and adopted by the Board of Directors. It is responsible for determining the Remuneration Policy of the Key Management Personnel of the Company. The Remuneration Policy of the Company is based on evaluation of personnel on eight criteria. An annual assessment is carried out and increments and incentives are awarded based on the rating / ranking of each individual.

## Meetings

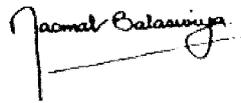
The Board Remuneration Committee met Four (4) times during the year.

Mr. N.de S. Deva Aditya and Mr. D. Hasitha S. Jayawardena could not attend certain meetings during the year, due to their engagements overseas. Nevertheless, Mr. Deva Aditya and Mr. Hasitha were kept informed of all the proceedings of the Remuneration Committee and their opinion was sought on important matters.

The attendance of the members at these meetings is as follows:

Dr. A. N. Balasuriya	4/4
Mr. D. Hasitha S. Jayawardena	3/4
Mr. N. de S. Deva Aditya	2/4

The Managing Director also attended these meeting by invitation when needed.



Dr. Naomal Balasuriya  
Chairman  
Remuneration Committee

31 August, 2023

# BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

## Committee

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director; Mr. R. Seevaratnam, a Fellow Member of the Chartered Accountants of England & Wales, an Independent Non-Executive Director, acted as the Chairman of the Related Party Transactions Review Committee until his demise on 19 January 2023. The other members of the Committee comprise Dr. A. N. Balasuriya, Independent Non-Executive Director and Mr. D. Hasitha S. Jayawardena, Non-Independent Non-Executive Director.

Subsequent to the demise of Mr. R. Seevaratnam, Mr. M. R. Mihular a Fellow Member of the Chartered Accountants of Sri Lanka was appointed as the Chairman of Related Party Transactions Review Committee w.e.f. 01 April 2023.

A brief profile of each member is given on pages 16 to 19.

Ms. N. C. Gunawardena functions as the Secretary to the Committee.

## Purpose of the Committee

The Committee's key focus is to review all proposed related party Transactions prior to entering into or completion of the transaction according to the procedures laid down by Section 9 of the Listing Rules of the Colombo Stock Exchange

## Meetings

The Related Party Transactions Review Committee met four (4) times during the year. Hasitha S. Jayawardena could not attend certain meetings during the year, due to his engagements overseas. Nevertheless, Mr. Hasitha was kept informed of all the proceedings of the Related Party Transactions Review Committee and his opinion was sought on important matters.

The attendance of the members at the meeting is as follows:

Mr. R. Seevaratnam (Deceased on 19-01-2023)	3/4
Dr. A. N. Balasuriya	4/4
Mr. D. Hasitha S. Jayawardena	2/4

The Managing Director, Group Financial Controller and Head of Finance also attend these meetings by invitation when needed.

The Committee has reviewed all related party transactions in respect of the financial year and communicated the activities of the Committee to the Board on a quarterly basis through circulating the minutes of the meetings of the Committee to the Board of Directors.



**M. R. Muhular**  
Chairman  
Related Party Transactions Review  
Committee

31 August, 2023

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Melstacorp PLC has the pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2023. The details set out herein provide the pertinent information requested under Section 168 of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance.

## Principal Activities

The principal activity of Melstacorp PLC is to invest and manage a portfolio of diverse businesses.

## Business Review

A review of the Company's businesses, providing a comprehensive analysis of the financial and operational performance along with future trends and business development activities are described in the 'Chairman's Statement' and 'Management Discussion and Analysis' sections of the Annual Report.

## Amount Due from Secretary to the Treasury of Sri Lanka Insurance Corporation Ltd (SLIC)

We still await the payment of profit earned during Group's tenure at the helm of SLIC. Although the decision of the Supreme Court was delivered in 2009, the Group is yet to receive these funds. The Group has initiated legal action to recover the dues. Detailed Note is given in Note 39 to the Financial Statements.

## Pelwatte Sugar Industries PLC (PSIP)

The Revival of Underperforming Enterprises or Underutilised Assets Act, No. 43 of 2011 been repealed by the Parliament. However, the provisions in the repealing act do not indicate the property will be returned to the PSIP or not. We have sought legal opinion on this. The Company has not changed its

position advocated since the occurrence of this incident of being the legal owner of the property and as such, we have communicated our views to the Treasury. However, as a precautionary measure, the Company has also lodged an official claim with the Compensation Tribunal, appointed by the State.

Since our Group is deprived of participating in controlling the financial, operating policies and other relevant activities, the financial statements of PSIP have been deconsolidated from the group financial statements. We hope some clarity regarding this untoward situation would be forthcoming within the new financial year. Further details are given in Note 40 to the Financial Statements.

## Results and Appropriations

The gross turnover of the Company in the year under review amounted to Rs. 259 Mn (2021/22 – Rs. 264 Mn). The profit after tax was Rs. 5,378 Mn (2021/22 – Rs. 7,141 Mn). Company declared three interim dividends totalling to Rs. 6.76 per share for the year ended 31 March 2023. The Company has satisfied with Section 56(2) of the Companies Act No. 07 of 2007.

## Financial Statements

The Financial Statements of the Company for the year ended 31 March 2023 was approved by the Board of Directors on 31 August 2023 are given on pages from 68 to 208.

## Audit Report

The Auditor's Report on the Financial Statements of the Company and the Group is given on pages from 63 to 67.

## Accounting Policies

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs). The accounting policies adopted in the preparation and presentation of

the Financial Statements are given on pages 78 to 95. The Company and the Group has adopted SLFRS with effect from 01.04.2020.

## Investments

Total investments of the Company in subsidiaries, associates and other investments amounted to Rs. 93,787 Mn (2021/22 - Rs. 95,271Mn). The details of the investments are given in Notes 20, 21 and 23 to the Financial Statements.

## Property, Plant and Equipment

The net book value of property, plant and equipment of the Company and the Group as at 31 March 2023 was Rs. 10.6 Mn (2021/22 – Rs. 13.1 Mn) and Rs.136,493 Mn (2021/22 – Rs. 127,786 Mn). Total capital expenditure during the year for the acquisition of property, plant and equipment by the Company and the Group amounted to Rs. 2.8 Mn (2021/22 – Rs. 5.6 Mn) and Rs. 3,496 Mn (2021/22 – Rs. 1,873 Mn) respectively. The details of property, plant and equipment are given in Note 15 to the Financial Statements.

## Stated Capital and Reserves

The Stated Capital of the Company as at 31 March 2023 was Rs. 70,000 Mn consisting of voting ordinary shares of 1,165,397,072.

The total Group Reserves as at 31 March 2023 amounted to Rs. 28,456 Mn, (2021/22 - Rs. 17,313 Mn) comprising Capital Reserves of Rs. 31,880 Mn (2021/22 - Rs. 30,421 Mn), Revenue Reserves and Retained Earnings of Rs. (3,423) Mn (2021/22 - Rs. (13,108) Mn) the movement of which is disclosed in the Statement of Changes in Equity.

## Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's system of internal control. The systems are designed

to provide reasonable assurance that the assets of the Company are safeguarded and to ensure that proper accounting records are maintained. The Board, having reviewed the system of internal controls, is satisfied with the systems and measures in effect at the date of signing this report.

## Capital and Other Commitments

Contingent liabilities and capital commitments are disclosed in Note 42 to the Financial Statements.

## Events after the Reporting Date

There were no material events or circumstances that have arisen since the reporting date that would require adjustment, other than the information disclosed in Note 44 to the Financial Statements.

## Employees

The number of persons employed by the Company as at 31 March 2023 was 34 (2021/22 -36).

## Board of Directors

The Board of Directors of the Company as at 31 March 2023 and their brief profiles are given on pages 16 and 19.

## Directors Standing for Re-election

To re-elect as a Director Mr. D. H. S. Jayawardena, who is over 70 years, as a Director by passing a resolution; that the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. D. H. S. Jayawardena who has reached the age of 81 prior to the Annual General Meeting and that he shall accordingly be re-appointed.

To re-elect as a Director Mr. C. R. Jansz, who is over 70 years, as a Director by passing a resolution; that the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. C. R. Jansz who has reached the age of 70 prior to the Annual

General Meeting and that he shall accordingly be re-appointed.

Further, to re-elect as a Director, Mr. N. de S. Deva Aditya, who is over 70 years, as a Director by passing a resolution; that the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. N. de S. Deva Aditya who has reached the age of 75 and that he shall accordingly be re-appointed.

To re-elect as a Director Mr. K. J. Kahanda who retires from office at the end of this Annual General Meeting in terms of the Article 86 of the Articles of Association of the Company and being eligible has offered himself for re-election.

To elect Mr. L. U. D. Fernando who retires in terms of the Article 93 of the Articles of Association of the Company, as a Director.

To elect Mr. M. A. N. S. Perera who retires in terms of the Article 93 of the Articles of Association of the Company, as a Director.

To elect Mr. M. R. Mihular who retires in terms of the Article 93 of the Articles of Association of the Company, as a Director.

## Directors' Shareholdings

The shareholdings of Directors of the Company as defined under the Colombo Stock Exchange Rules are as follows;

As at 31 March	2023	2022
D. H. S. Jayawardena	13,014,200	13,014,200
Mr. M.A.N.S Perera (Appointed w.e.f. 02/01/2023)	Nil	Nil
C. R. Jansz	Nil	Nil
N. de S. Deva Aditya	Nil	Nil
Capt. K. J. Kahanda (Retd.)	Nil	Nil
Dr. A. N. Balasuriya	Nil	Nil
D. Hasitha S. Jayawardena	7,531,332	7,531,332
Ms. D. S. T. Jayawardena (Appointed w.e.f. 15/09/2022)	38,600	38,600
Mr. L. U. D. Fernando ** (Appointed w.e.f. 22/09/2022)	Nil	Nil
Mr. M. R. Mihular (Appointed w.e.f. 01/04/2023)	Nil	Nil

\*\* Mr. L. U. D. Fernando held 641,028 shares as joint holder of Mr. L.K. M Fernando

During the year, the Board was deeply saddened at the passing away of our director Mr. Ranjeevan Seevaratnam who was the chairman of audit committee and related party transaction review committee.

The Board is pleased to welcome Mr. M. A. N. S. Perera, Ms. S. T. Jayawardena, L. U.D. Fernando and Mr. M. R. Mihular, to our Board of Directors.

## Interest Register

The Company maintains an Interest Register in compliance with the Companies Act No. 07 of 2007.

This Annual Report also contains particulars of entries made in the interest register. Directors' Interests in Contracts are disclosed in the Related Party Transactions under Note 36 to the Financial Statements.

A Code of Business Conduct and Ethics along with other controls are in place to ensure that related party transactions involving Directors, senior managers or their connected parties are conducted on an arm's length basis. The Directors to the best of their knowledge and belief hereby confirm compliance with this Code.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## Share Information

Information relating to Earnings, Dividends, Net Assets and Market Value per Share is given on page 4.

The shareholding details of the Company are given on page 210 of the Annual Report.

## Corporate Governance

The Board has ensured that the Company has complied with the Code of Best Practices on Corporate Governance issued by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka. The Board is committed towards the furtherance of Corporate Governance principles of the Company. The measures taken in this regard are set out in the Corporate Governance Report.

## Board Committees

The Board has appointed four Sub-Committees i.e. the Audit Committee, the Remuneration Committee, Nomination Committee and Related Party Transactions Review Committee.

## Related Party Transactions

The Board of Directors has given the following statements in respect of the related party transactions. The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rule.

## Sustainability Principles

The Company carries out its business with adherence to the best sustainable practices and has not engaged in any activity that was detrimental to the environment and has been in due compliance with all applicable laws and regulations of the country to the best of its ability.

## Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory obligations due to the Government and its employees have been duly paid or adequately provided for in the Financial Statements as confirmed by the Statement of Directors Responsibility.

## Going Concern

The Directors, having reviewed the business plans, capital expenditure commitments and expected cash flows are satisfied that the Company and the Group have adequate resources to continue operations for the foreseeable future and therefore continue to adopt the going concern basis in preparing these Financial Statements.

## Auditors

Messrs. KPMG, Chartered Accountants are deemed reappointed in terms of Section 158 of the Companies Act No. 07 of 2007 as Auditors of the Company for the year ending 31st March 2024. A resolution to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting. Total audit fees paid to Messrs. KPMG and other Auditors of Group companies are disclosed in Note 11 to the Financial Statements.

The Auditor of the Company has confirmed that they do not have any relationship with the Company (Other than that of Auditor) that would have an impact on their independence.

## Annual General Meeting

The Annual General Meeting of the Company will be held as a virtual meeting via an online meeting platform conducted from the "Mini Auditorium" of DCSL PLC, at No 110, Norris Canal Road, Colombo 10. Sri Lanka on 22nd September 2023 at 11.00 a.m. The Notice of Meeting appears on page 219 of the Annual Report.



**D. H. S. Jayawardena**  
Chairman



**M. A. N. S. Perera**  
Managing Director

**Corporate Services (Private) Limited**  
Secretaries  
Melstacorp PLC

31 August, 2023  
Colombo

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# STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company and its Subsidiaries as at the Reporting date and the profit of the Company and its Subsidiaries for the financial year. The Directors are also responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts the responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that proper accounting records have been maintained and appropriate accounting policies have been selected and applied consistently in the preparation of such Financial Statements which have been prepared and presented in accordance with Sri Lanka Accounting Standards and provide information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

Further, the Directors confirm that the Financial Statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the Group to continue its operations and to facilitate planned future expansions and capital commitments. The Directors have taken adequate measures to safeguard the assets of the Group and in this regard have established appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities. The External Auditors were provided with all information and explanations necessary to enable them to form their opinion on the Financial Statements.

## Compliance Report

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to regulatory and statutory authorities that were due in respect of the Company and its Subsidiaries as at the reporting date have been paid or where relevant, provided for.

By Order of the Board,

**Corporate Services (Private) Limited**  
Secretaries  
Melstacorp PLC

31 August, 2023  
Colombo

# INDEPENDENT AUDITOR'S REPORT



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
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## TO THE SHAREHOLDERS OF MELSTACORP PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Melstacorp PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2023, and the statement of profit or 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 a summary of significant accounting policies set out on pages 68 to 208 of the annual report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka ("Code of Ethics"), and we have fulfilled our other ethical

responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

#### Impairment of Investments in Subsidiaries, Equity Accounted Investees and Goodwill on acquisition

Refer to the accounting policies in Notes 3.3.3 "Intangible Assets", 3.3.7 B "Impairment of Non-Financial Assets", explanatory Note 20 "Investment in Subsidiaries", explanatory Note 21 "Investment in Equity Accounted Investees" and explanatory Note 16 "Intangible Assets" to the Financial Statements.

#### Risk Description

The Company has recorded investments in Subsidiaries amounting to Rs. 63,480 Million and investments in equity-accounted investees amounting to Rs. 591 Million as at 31st March 2023. The Group has recorded Rs. 10,061 Million as investments in equity accounted investees and Rs. 5,738 Million as Goodwill on acquisition of subsidiaries as at 31st March 2023.

#### Our Response

Our audit procedures included;

- Obtaining an understanding of the management's impairment assessment process including the identification of impairment indicators.

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C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FTII

T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA

W.W.J.C. Perera FCA  
W.K.D.C. Abeyrathne FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

# INDEPENDENT AUDITOR'S REPORT



Risk Description	Our Response
<p>As disclosed in Note 1.2 to the financial statements, the Company's principal operation is to manage these investments. As such the valuation of these investments represents the most significant area of the Company to its stakeholders. Further, the value of these investments is significant to the financial statements. Therefore, any impairment of these investments in subsidiaries and impairment of investments in equity accounted investees will have significant impact on the financial performance of the Company and the Group respectively. Management performed the impairment assessment for investments with indicators of impairment and determined their recoverable amounts based on either value-in-use or fair value less cost to sell calculation.</p> <p>Goodwill on acquisition represents goodwill relating to the acquisition of diversified sector, plantation sector and part of the healthcare sector. LKAS 36 – "Impairment of Assets" require the goodwill to be tested for impairment annually. As such, the Group has assessed the impairment of the Goodwill as at 31st March 2023. Estimation of recoverable value for the related Cash Generating Units involves certain significant assumptions and judgements.</p> <p>Considering these, we have identified the assessment of impairment of investments in subsidiaries, investments in equity-accounted investees and the goodwill on acquisition of the Group and the Company as a key audit matter due to the significance of the amounts recognised in the financial statements and the level of estimation uncertainties involved in determining these amounts.</p>	<ul style="list-style-type: none"> <li>• Evaluating the reasonableness of the Company's / the Group's key assumptions used in its cash flow projections such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources.</li> <li>• Assessing the appropriateness and reasonableness of the valuation models used by the management in the calculation of recoverable values of the investments in subsidiaries and CGUs to which goodwill on acquisition is related to, by using our in-house business valuation specialists.</li> <li>• Assessing the mathematical accuracy of such computations, the appropriateness of input data and assumptions where applicable, used by the management in calculating the recoverable amounts of such investments.</li> <li>• Assessing the adequacy of disclosures in the Financial Statements in relation to the impairment of investments in subsidiaries, equity accounted investees and goodwill on acquisition of the Group and the Company.</li> </ul>
<h3>Measurement of biological assets</h3>	
<p>Refer to the accounting policies on Note 3.11.1 "Biological Assets" and explanatory Note 18 "Biological Assets" to the financial statements.</p>	
Risk Description	Our Response
<p>The Group has reported biological assets amounting to Rs. 9,858 Million as at 31st March 2023. This amount consists of bearer biological assets amounting to Rs. 2,941 Million and consumable biological assets amounting to Rs. 6,917 Million. Further, Rs. 506 Million has been recognised as the gain on change in the fair value of consumable biological assets for the year ended 31st March 2023.</p>	<p>Our audit procedures for consumable biological assets included;</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design and implementation and operating effectiveness of management's key internal controls relating to valuation of consumable biological assets.</li> </ul>



Risk Description	Our Response
<p>The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Management engaged an independent external valuation expert to assist in determining the fair value of consumable biological assets. Changes in the key assumptions such as discount rate, value per cubic meter and available timber content used for the valuation of consumable biological assets could have a material impact on the fair value gain or loss for the year and the carrying value of consumable biological assets as of the reporting date.</p> <p>Bearer biological assets mainly include mature and immature tea and rubber trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalisation of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed. Further, bearer biological assets are subject to impairment assessment which involves management judgement in assessing the impairment indicators and impairment assessment.</p> <p>We identified the measurement of biological assets as a key audit matter because the valuation of consumable biological assets involved significant assumptions and judgments exercised by the management and the independent valuation expert could be subjected to significant level of estimation uncertainty and management bias. Further, the impairment assessment for bearer biological assets requires management to exercise their judgment in determining the impairment indicators and in impairment assessment which is based on significant estimates.</p>	<ul style="list-style-type: none"> <li>Assessing the objectivity and independence of the external valuation expert and the competence and qualification of the external expert.</li> <li>Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average market price, expected timber content at harvest and harvesting plan.</li> <li>Obtaining estate wise census books of timber trees and comparing the number of timber trees with the valuation report to ensure the completeness and accuracy of the data and checking the mathematical accuracy of the consumable biological assets valuation.</li> <li>On sample basis, physically verifying trees during estate visits to assess the girth and height of the respective trees.</li> </ul> <p>Our audit procedures for bearer biological assets included;</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of and assessing the design and implementation and operating effectiveness of management's key internal control in respect of capitalisation of bearer biological assets.</li> <li>Obtaining schedules of costs incurred and capitalised under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified.</li> <li>Testing the impairment assessment performed by the management, by challenging the impairment indicators identified and the judgements involved in impairment assessment.</li> <li>Testing immature to mature cost transfer worksheet for selected estates to check whether the amount transferred during the year was consistent with the Company's accounting policy and industry norms.</li> <li>Assessing the adequacy of the disclosures made for the biological assets in the Group financial statements in accordance with the relevant accounting standards.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT



## Recognition of Revenue

Refer to the significant accounting policies in Note 3.13.3 and explanatory Note 6 to the financial statements.

### Risk Description

The Group has recognised revenue of Rs. 247,261 Million for the year ended 31st March 2023.

Revenue is a key performance indicator used to evaluate the performance of the Group. Given the significance of the total value, the number of transactions, geographical locations and the dependence on IT systems over recognition of revenue, the recognition of revenue was considered as a key audit matter for the year ended 31st March 2023.

### Our response

- Our audit procedures included;
- Testing the design and operating effectiveness of key IT application and manual controls over revenue, in addition to evaluating the integrity of the general IT control environment.
  - Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying goods delivery notes and/or invoices to assess whether the related revenue had been recognised in the correct financial period.
  - Developing expectations over current revenue amount based on trend analysis considering historical sales patterns.
  - Comparing, on a sample basis, revenue transactions recorded to the supporting documents to assess whether the revenue transactions have recorded accurately.
  - Assessing the adequacy of the disclosures made in the financial statements in accordance with the relevant accounting standards.

## 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 will 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 identified above when it becomes available 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 scepticism 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 ethical requirements in accordance with the Code of Ethics

regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.



Chartered Accountants

Colombo  
31st August 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Gross revenue</b>	6	247,261,233	182,989,902	259,234	263,618
Excise duty		(69,179,430)	(76,919,114)	-	-
Cost of sales and net benefits paid	7	(95,501,445)	(64,915,239)	(9,696)	(7,002)
<b>Gross profit</b>		<b>82,580,358</b>	<b>41,155,549</b>	<b>249,538</b>	<b>256,616</b>
Other operating income	8	2,435,329	2,463,061	12,302,393	11,955,680
Selling and distribution expenses		(4,632,002)	(2,731,111)	-	-
Administrative expenses		(29,416,410)	(17,699,218)	(318,822)	(232,004)
Other operating expenses	9	(3,081,966)	(536,982)	(5,598,315)	(3,699,084)
<b>Results from operating activities</b>		<b>47,885,309</b>	<b>22,651,299</b>	<b>6,634,794</b>	<b>8,281,208</b>
Finance income	10.1.1	10,689,609	10,099,406	2,730,887	1,005,956
Finance costs	10.1.2	(16,886,856)	(6,329,380)	(2,363,980)	(673,625)
<b>Net finance income/(Costs)</b>		<b>(6,197,247)</b>	<b>3,770,026</b>	<b>366,907</b>	<b>332,331</b>
Share of profit of equity-accounted investees (net of tax)	21	1,115,651	441,977	-	-
<b>Profit before income tax expense</b>	11	<b>42,803,713</b>	<b>26,863,302</b>	<b>7,001,701</b>	<b>8,613,539</b>
Taxation	12	(19,835,803)	(9,228,574)	(1,623,355)	(1,472,318)
<b>Profit for the year</b>		<b>22,967,910</b>	<b>17,634,728</b>	<b>5,378,346</b>	<b>7,141,221</b>
<b>Profit attributable to:</b>					
Equity holders of the parent		17,222,179	10,969,116	5,378,346	7,141,221
Non controlling interest		5,745,731	6,665,612	-	-
		<b>22,967,910</b>	<b>17,634,728</b>	<b>5,378,346</b>	<b>7,141,221</b>
Basic earnings per share	13.1	14.78	9.41	4.62	6.13
Diluted earnings per share	13.2	14.78	9.41	4.62	6.13

The notes from pages 78 to 208 form an integral part of these financial statements. Figures in brackets indicate deductions.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Profit for the year</b>		22,967,910	17,634,728	5,378,346	7,141,221
<b>Other comprehensive income/(expense)</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Revaluation of property, plant and equipment	15	4,654,426	2,556,722	-	-
Equity investments at FVOCI – net change in fair value		(231,229)	(2,178,760)	(436,981)	(1,992,968)
Actuarial gain/(losses) on retirement benefit obligations	33	4,479	51,542	(1,607)	2,257
Share of other comprehensive income of equity-accounted investees (net of tax)	21	60,776	12,453	-	-
Income tax on other comprehensive income	22.1.1	(3,031,120)	(231,944)	(6,444)	(542)
		1,457,332	210,013	(445,032)	(1,991,253)
<b>Items that are or may be reclassified to profit or loss</b>					
Exchange Difference on translation of foreign operations		2,770,806	7,949,214	-	-
Net movement on Cashflow Hedges		(417,788)	(2,715,462)	-	-
Share of other comprehensive income of equity-accounted investees	21	168,399	1,057,476	-	-
		2,521,417	6,291,228	-	-
<b>Total other comprehensive income/(expense) for the year</b>		3,978,749	6,501,241	(445,032)	(1,991,253)
<b>Total comprehensive income for the year</b>		26,946,659	24,135,969	4,933,314	5,149,968
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		19,237,009	13,085,694	4,933,314	5,149,968
Non controlling interest		7,709,650	11,050,275	-	-
		26,946,659	24,135,969	4,933,314	5,149,968

The notes from pages 78 to 208 form an integral part of these financial statements.  
Figures in brackets indicate deductions.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>ASSETS</b>					
<b>Non current assets</b>					
Property, plant and equipment	15	136,492,748	127,785,816	10,577	13,113
Intangible assets	16	5,866,940	5,978,579	1,574	586
Investment property	17	7,483,058	7,473,414	7,100,954	6,586,161
Biological assets	18	9,858,189	9,232,870	-	-
Right-of-use assets	19	20,771,732	20,522,615	21,913	29,217
Investments in subsidiaries	20	-	-	63,480,244	60,950,002
Investment in equity accounted investees	21	10,061,240	9,233,260	590,690	1,352,000
Deferred tax asset	22.1	6,447,686	3,572,382	5,593	3,057
Other non current financial investments	23	31,368,952	30,107,057	24,880,708	26,181,711
		228,350,545	213,905,993	96,092,253	95,115,847
<b>Current assets</b>					
Inventories	24	15,122,194	9,708,008	969	1,048
Produce on bearer biological assets	18.1.3	17,968	5,568	-	-
Trade and other receivables	25	37,162,725	32,871,963	29,208	3,253,557
Amounts due from related companies	36.1.1	566,377	217,959	616,862	2,313,973
Other current financial investments	23	29,516,425	28,000,520	4,835,440	6,787,575
Other current assets	26	566,399	583,502	-	-
Cash and cash equivalents	27	22,985,573	24,902,636	170,022	212,665
		105,937,661	96,290,156	5,652,501	12,568,818
Assets held for Sale	28	193,420	1,751,094	-	-
<b>Total assets</b>		<b>334,481,626</b>	<b>311,947,243</b>	<b>101,744,754</b>	<b>107,684,665</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Share capital and reserves</b>					
Stated capital	29	70,000,000	70,000,000	70,000,000	70,000,000
Reserves	30	42,973,589	38,785,120	11,679,576	12,123,483
Retained earnings/(Losses)		(14,517,121)	(21,472,548)	10,034,813	9,575,828
<b>Equity attributable to owners of the Company</b>		<b>98,456,468</b>	<b>87,312,572</b>	<b>91,714,389</b>	<b>91,699,311</b>
<b>Non controlling interest</b>		<b>52,335,859</b>	<b>49,020,474</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>150,792,327</b>	<b>136,333,046</b>	<b>91,714,389</b>	<b>91,699,311</b>

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Non current liabilities</b>					
Interest bearing loans and borrowings	31	49,366,434	51,767,396	-	-
Lease liabilities	32	16,583,185	17,031,476	16,617	23,859
Retirement benefit obligations	33	4,014,696	3,912,802	16,697	11,756
Deferred tax liabilities	22.1	19,041,170	11,577,145	1,152,720	780,810
Other liabilities	34	662,930	740,368	-	-
		<b>89,668,415</b>	<b>85,029,187</b>	<b>1,186,034</b>	<b>816,425</b>
<b>Current liabilities</b>					
Trade and other payables	35	42,979,456	50,324,333	138,470	3,223,020
Other liabilities	34	17,512	5,150	-	-
Amount due to related companies	36.1.2	2,317,827	1,966,519	473,284	391,688
Income tax payable		6,443,553	3,424,693	595,281	826,742
Interest bearing loans and borrowings	31	10,087,618	9,200,270	-	-
Lease liabilities	32	2,579,560	2,240,653	7,242	6,336
Bank overdrafts and other short term borrowings	27	29,595,358	23,423,392	7,630,054	10,721,143
		<b>94,020,884</b>	<b>90,585,010</b>	<b>8,844,331</b>	<b>15,168,929</b>
<b>Total liabilities</b>		<b>183,689,299</b>	<b>175,614,197</b>	<b>10,030,365</b>	<b>15,985,354</b>
<b>Total equity and liabilities</b>		<b>334,481,626</b>	<b>311,947,243</b>	<b>101,744,754</b>	<b>107,684,665</b>
Net assets per share (Rs.)		<b>84.48</b>	<b>74.92</b>	<b>78.70</b>	<b>78.69</b>

The notes from pages 78 to 208 form an integral part of these financial statements.

I certified that the Financial Statements are prepared and presented in compliance with the requirements of the Companies Act No.7 of 2007.



**D. S. C. Mallawaarachchi**  
Group Financial Controller

The Board of directors is responsible for the preparation and presentation of these financial statements.  
Approved for and on behalf of the Board of directors;



**D. H. S. Jayawardena**  
Chairman



**M. A. N. S. Perera**  
Managing Director

31 August, 2023  
Colombo

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - GROUP

GROUP	Attributable to equity holders of parent										Non Controlling Interest		Total Equity
	Stated Capital	Revaluation Reserve	Capital Reserve	Reserve Fund	General Reserve	Exchange Fluctuation Reserve	Timber Reserve	Fair-value through OCI Reserve	Cash Flow Hedge Reserve	Retained Earnings/ (Losses)	Total	Rs.'000	
Balance as at 1st April 2021	89,100,000	9,615,953	12,137	20,491	3,005,189	2,493,085	1,813,045	(702,015)	(244,780)	(21,461,330)	83,651,775	40,020,776	123,672,551
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	-	-	-	-	10,969,116	6,665,612	17,634,728
<b>Other comprehensive income</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity investments at FVOCI – net change in fair value	-	-	-	-	-	-	-	(2,162,699)	-	(2,162,699)	-	(16,061)	(2,178,760)
Revaluation of property, plant and equipment	-	1,900,887	-	-	-	-	-	-	-	1,900,887	-	655,835	2,556,722
Net movement on Cashflow Hedges	-	-	-	-	-	-	-	-	(610,758)	-	(610,758)	(2,104,704)	(2,715,462)
Exchange Difference on translation of foreign operations	-	-	-	-	-	2,683,131	-	-	-	-	2,683,131	5,266,083	7,949,214
Actuarial gain on retirement benefit obligations	-	-	-	-	-	-	-	-	-	24,053	24,053	27,489	51,542
Share of other comprehensive income of equity-accounted investees (net of tax)	-	(673)	-	-	-	532,166	-	-	-	6,193	537,686	532,243	1,069,929
Income tax on other comprehensive income	-	(228,349)	-	-	-	-	-	6,439	-	(33,812)	(255,722)	23,778	(231,944)
<b>Total other comprehensive income for the year</b>	-	1,671,865	-	-	-	3,215,297	-	(2,156,260)	(610,758)	(3,566)	2,116,578	4,384,663	6,501,241
<b>Total comprehensive income for the year</b>	-	1,671,865	-	-	-	3,215,297	-	(2,156,260)	(610,758)	10,965,550	13,085,694	11,050,275	24,135,969
<b>Transactions with owners directly recorded in the Equity</b>	-	-	-	-	-	-	-	-	-	-	-	(2,126,756)	(2,126,756)
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of net assets of equity accounted investees	-	-	-	-	-	-	-	-	-	71,388	71,388	77,947	149,335
Dividends Paid During the year (Note 14.1)	-	-	-	-	-	-	-	-	-	(9,497,989)	(9,497,989)	-	(9,497,989)
Capital Reduction	(19,100,000)	-	19,100,000	-	-	-	-	-	-	-	-	-	-
Repurchase and cancellation of shares	-	-	-	-	-	-	-	-	-	(64)	(64)	-	(64)
Gain on disposal of investments at FVOCI	-	-	-	-	-	-	(17,097)	-	-	17,097	-	-	-
Transferred from/to retained earnings	-	-	-	-	1,336,486	-	232,482	-	-	(1,568,968)	-	-	-
Effect on changes in percentage holding of subsidiaries	-	-	-	-	-	-	-	-	-	1,768	1,768	(1,768)	-
<b>Total contributions by and distributions to owners</b>	(19,100,000)	-	19,100,000	-	1,336,486	-	232,482	(17,097)	-	(10,976,768)	(9,424,897)	(2,050,577)	(11,475,474)
Balance as at 31st March 2022	70,000,000	11,287,818	19,112,137	20,491	4,341,675	5,708,382	2,045,527	(2,875,372)	(855,538)	(21,472,548)	87,312,572	49,020,474	136,333,046

GROUP	Attributable to equity holders of parent										Non Controlling Interest		Total equity
	Stated Capital	Revaluation Reserve	Capital Reserve	Reserve Fund	General Reserve	Exchange Fluctuation Reserve	Timber Reserve	Fair-value through OCI Reserve	Cash Flow Hedge Reserve	Retained Earnings/ (Losses)	Total	Controlling Interest	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1st April 2022	70,000,000	11,287,818	19,112,137	20,491	4,341,675	5,708,382	2,045,527	(2,875,372)	(855,538)	(21,472,548)	87,312,572	49,020,474	136,333,046
Adjustment on Surcharge tax levied under Surcharge Act (Note 12.3)	-	-	-	-	-	-	-	-	-	(3,761,801)	(3,761,801)	(481,250)	(4,243,051)
Balance as at 1st April 2022 (Adjusted)	70,000,000	11,287,818	19,112,137	20,491	4,341,675	5,708,382	2,045,527	(2,875,372)	(855,538)	(25,234,349)	83,550,771	48,539,224	132,089,995
<b>Total Comprehensive Income for the Period</b>	-	-	-	-	-	-	-	-	-	17,222,179	17,222,179	5,745,731	22,967,910
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity investments at FVOCI – net change in fair value	-	-	-	-	-	-	-	(252,591)	-	-	(252,591)	21,362	(231,229)
Revaluation of property, plant and equipment	-	2,964,014	-	-	-	-	-	-	-	-	2,964,014	1,690,412	4,654,426
Net movement on Cashflow Hedges	-	-	-	-	-	-	-	-	(92,805)	-	(92,805)	(324,983)	(417,788)
Exchange Difference on translation of foreign operations	-	-	-	-	-	947,623	-	-	-	-	947,623	1,823,183	2,770,806
Actuarial gain/(losses) on retirement benefit obligations	-	-	-	-	-	-	-	-	-	(15,890)	(15,890)	20,369	4,479
Share of other comprehensive income of equity-accounted investees (net of tax)	-	31,286	-	-	-	82,114	-	-	-	982	114,382	114,793	229,175
Income tax on other comprehensive income	-	(1,684,438)	-	-	-	-	-	23,096	-	11,439	(1,649,903)	(1,381,217)	(3,031,120)
<b>Total other comprehensive income for the year</b>	-	1,310,862	-	-	-	1,029,737	-	(229,495)	(92,805)	(3,469)	2,014,830	1,963,919	3,978,749
<b>Total comprehensive income for the year</b>	-	1,310,862	-	-	-	1,029,737	-	(229,495)	(92,805)	17,218,710	19,237,009	7,709,650	26,946,659
<b>Transactions with owners directly recorded in the Equity</b>	-	-	-	-	-	-	-	-	-	-	-	(3,228,913)	(3,228,913)
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of net assets of equity accounted investees	-	-	-	-	-	-	-	-	-	99,867	99,867	94,582	194,449
Dividends paid/declared during the year (Note 14.1)	-	-	-	-	-	-	-	-	-	(4,719,858)	(4,719,858)	-	(4,719,858)
Transferred from/to retained earnings	-	-	-	-	1,151,543	-	288,294	-	-	(1,439,837)	-	-	-
Acquisition of NCI	-	27,108	-	-	72,775	143,161	-	(512)	(20,199)	(122,309)	100,024	(756,722)	(656,698)
Effect on changes in percentage holding of subsidiaries	-	121,162	-	-	-	-	386,837	1	-	(319,345)	188,655	(21,962)	166,693
<b>Total contributions by and distributions to owners</b>	-	148,270	-	-	1,224,318	143,161	675,131	(511)	(20,199)	(6,501,482)	(4,331,312)	(3,913,015)	(8,244,327)
Balance as at 31st March 2023	70,000,000	12,746,950	19,112,137	20,491	5,565,993	6,881,280	2,720,658	(3,105,378)	(968,542)	(14,517,121)	98,456,468	52,335,859	150,792,327

The notes from pages 78 to 208 form an integral part of these financial statements. Figures in brackets indicate deductions.

# STATEMENT OF CHANGES IN EQUITY - COMPANY

COMPANY	Stated Capital	Capital Reserve	Revaluation Reserve	Fair-value through OCI Reserve	Retained Earnings/ (Losses)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 1st April 2021</b>	89,100,000	-	116,308	(5,099,857)	11,930,964	96,047,415
Profit for the year	-	-	-	-	7,141,221	7,141,221
<b>Other Comprehensive Income</b>						-
Equity investments at FVOCI – net change in fair value	-	-	-	(1,992,968)	-	(1,992,968)
Actuarial Gain on retirement benefit obligations	-	-	-	-	2,257	2,257
Income tax on other comprehensive income	-	-	-	-	(542)	(542)
<b>Total Other Comprehensive Income for the period</b>	-	-	-	(1,992,968)	1,715	(1,991,253)
<b>Total Comprehensive Income for the period</b>	-	-	-	(1,992,968)	7,142,936	5,149,968
<b>Transactions with Owners of the Company directly recognised into Equity</b>						
Dividend declared/paid (Note 14.1)	-	-	-	-	(9,497,989)	(9,497,989)
Capital reduction	(19,100,000)	19,100,000	-	-	-	-
Repurchase of shares					(83)	(83)
<b>Transactions with Owners of the Company directly recognised into Equity</b>	(19,100,000)	19,100,000	-	-	(9,498,072)	(9,498,072)
<b>Balance as at 31st March 2022</b>	70,000,000	19,100,000	116,308	(7,092,825)	9,575,828	91,699,311

COMPANY	Stated Capital	Capital Reserve	Revaluation Reserve	Fair-value through OCI Reserve	Retained Earnings/ (Losses)	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 1st April 2022</b>	70,000,000	19,100,000	116,308	(7,092,825)	9,575,828	91,699,311
Adjustment on Surcharge tax levied under Surcharge Act (Note 12.3)	-	-	-	-	(198,378)	(198,378)
<b>Balance as at 1st April 2022 (Adjusted)</b>	70,000,000	19,100,000	116,308	(7,092,825)	9,377,450	91,500,933
Profit for the year	-	-	-	-	5,378,346	5,378,346
<b>Other Comprehensive Income</b>						
Equity investments at FVOCI – net change in fair value	-	-	-	(436,981)	-	(436,981)
Actuarial Gain on retirement benefit obligations	-	-	-	-	(1,607)	(1,607)
Income tax on other comprehensive income	-	-	(6,926)	-	482	(6,444)
<b>Total Other Comprehensive Income for the period</b>	-	-	(6,926)	(436,981)	(1,125)	(445,032)
<b>Total Comprehensive Income for the period</b>	-	-	(6,926)	(436,981)	5,377,221	4,933,314
<b>Transactions with Owners of the Company directly recognised into Equity</b>						
Dividend paid/declared (Note 14.1)	-	-	-	-	(4,719,858)	(4,719,858)
<b>Transactions with Owners of the Company directly recognised into Equity</b>	-	-	-	-	(4,719,858)	(4,719,858)
<b>Balance as at 31st March 2023</b>	70,000,000	19,100,000	109,382	(7,529,806)	10,034,813	91,714,389

The notes from pages 78 to 208 form an integral part of these financial statements.  
Figures in brackets indicate deductions.

# CONSOLIDATED STATEMENT OF CASH FLOWS

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Cash Flow from Operating Activities</b>					
Profit before tax		42,803,713	26,863,302	7,001,701	8,613,539
<b>Adjustments for;</b>					
(Gain)/Loss on disposal of property, plant and equipment		(2,102)	(28,897)	-	-
Loss on retirement of investment properties / assets held for sale		72,269	-	-	-
Depreciation of Property, Plant and Equipment	15	7,156,606	5,740,064	5,707	5,789
Amortisation of Right of Use Assets	19	2,070,321	1,470,749	7,304	7,304
Provision for Retirement benefit obligation	33	522,573	683,990	6,230	3,461
Provision/ (reversal) for inventories		-	41,646	-	-
Provision/(reversal) of bad & doubtful debts and impairment of financial assets at amortised cost		1,102,379	85,901	-	-
Provision/(reversal) of impairment of equity accounted investees	21	-	30,570	-	-
Impairment of balance receivable from related parties		-	-	4,697,067	1,320,146
Write-off of amounts receivable from subsidiaries		-	-	-	1,825,530
Impairment of investments in subsidiaries and joint ventures		-	-	901,249	553,408
Impairment of goodwill on acquisition of subsidiaries		-	352,640	-	-
Share of profit of equity-accounted investees, net of tax	21	(1,115,651)	(441,977)	-	-
Amortisation, impairment and write-off of Biological Assets	18	151,379	166,959	-	-
Amortisation and impairment of Intangible Assets	16	200,240	351,866	-	1,761
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss		(125,128)	(262,450)	(86,059)	(221,462)
(Gain)/loss on disposal of financial investments		(420,045)	(176,329)	(97,185)	(83,382)
Gain on termination of Right of Use Assets		(10,842)	-	-	-
Deferred income recognised	34	(28,143)	(28,183)	-	-
Dividend Income		(784,725)	(598,046)	(11,687,830)	(11,199,120)
(Gain)/loss on change in fair value of Biological Assets	18.3	(518,220)	(412,477)	-	-
Impairment of Property, Plant and Equipment and intangible assets		1,498,145	-	-	-
Fair value gain on investment property		(341,499)	(449,267)	(514,793)	(673,168)
Gain on Disposal of shares of Subsidiaries		-	-	(2,485)	-
Gain on bargain purchase		-	(145,613)	-	-
Interest income		(4,762,670)	(2,002,323)	(2,644,828)	(784,494)
Interest expense		13,783,069	5,042,590	2,363,980	673,625
<b>Operating profit/(loss) before working capital changes</b>		<b>61,251,668</b>	<b>36,284,716</b>	<b>(49,942)</b>	<b>42,937</b>
(Increase)/decrease in inventories		(5,414,186)	(316,414)	79	(33)
(Increase)/decrease in receivables		(3,078,797)	(4,807,516)	(1,303)	253,406
Increase/(decrease) in payables		(4,312,409)	18,444,193	62,022	44,428
(Increase) / decrease in Related Party Receivables / Payables		2,889	1,496,946	(71,714)	22,556
<b>Cash flows generated from/(used in) operations</b>		<b>48,449,165</b>	<b>51,101,925</b>	<b>(60,858)</b>	<b>363,294</b>
Interest paid		(11,177,896)	(3,227,046)	(2,244,810)	(638,591)
Income Tax and surcharge tax paid		(19,510,212)	(8,358,412)	(1,690,262)	(944,769)
Retiring Gratuity paid	33	(435,383)	(379,297)	(2,896)	-
Dividends Received		784,725	598,046	14,913,479	8,178,149
<b>Net Cash flows generated from operating activities</b>		<b>18,110,400</b>	<b>39,735,216</b>	<b>10,914,653</b>	<b>6,958,083</b>

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Cash Flow from Investing Activities</b>					
Acquisition of Property, plant and equipment	15	(3,496,549)	(1,873,319)	(2,785)	(5,595)
Proceeds from disposal of shares of subsidiaries		6,142	-	6,142	-
Acquisition of Intangible Assets	16	(177,871)	(76,460)	(1,374)	(572)
Acquisition of investment property	17	(14,411)	(250,230)	-	(257,318)
Net Additions to Biological Assets	18	(270,908)	(227,124)	-	-
Sale of Consumer Biological Assets		27	-	-	-
Proceeds from liquidation of assets held for sale Assets held for sale		1,878,448	-	-	-
Investment in Associates		-	(148,821)	-	-
Investment in joint ventures		(117,500)	(5,000)	(100,000)	-
Proceeds from sale of Property, plant and equipment		40,288	122,912	-	-
Interest received		4,762,670	2,002,323	40,603	7,842
Acquisition of non controlling interest		(656,698)	-	-	-
Net Proceeds from Disposal / (Acquisition) of Other Financial Investments		(2,436,151)	(11,256,164)	351,090	127,423
Acquisition of subsidiaries net of cash acquired	20.5	(1,499,440)	(852,500)	-	-
Investment in subsidiaries		-	-	(2,573,837)	(517,000)
Loans disbursed to Subsidiaries and Associates		-	-	(1,133,870)	(4,836,867)
Proceeds from settlement of Loans given to Subsidiaries		-	-	3,441,579	3,728,695
Dividend received from equity accounted investees		828,794	442,662	-	-
<b>Net Cash flows generated from/(used in) investing activities</b>		<b>(1,153,159)</b>	<b>(12,121,720)</b>	<b>27,548</b>	<b>(1,753,392)</b>
<b>Cash Flow from Financing Activities</b>					
Net Advances received from /(Settled to) subsidiaries and equity accounted investees		(130,408)	(96,057)	-	-
Settlement of advances obtained from subsidiaries		-	-	(19,000)	-
Lease payments made		(3,488,091)	(2,475,409)	(8,325)	(8,326)
Proceeds from interest bearing loans and borrowings	31.1	540,667	1,472,563	-	-
Repayments of interest bearing loans and borrowings	31.1	(10,045,511)	(3,307,704)	-	-
Dividend paid		(7,866,430)	(6,351,417)	(7,866,430)	(6,351,417)
Dividends paid by subsidiaries to minority shareholders		(3,228,913)	(2,126,756)	-	-
Repurchase of non voting shares		-	(64)	-	(83)
Capital raised by subsidiaries from minority shareholders		160,551	-	-	-
Government grants received		-	1,182	-	-
Receipt of Deferred Income	34	26,026	13,597	-	-
<b>Net Cash flows generated from/(used in) financing activities</b>		<b>(24,032,109)</b>	<b>(12,870,065)</b>	<b>(7,893,755)</b>	<b>(6,359,826)</b>
Net increase/(decrease) in cash and cash equivalents		(7,074,869)	14,743,431	3,048,446	(1,155,135)
Cash and cash equivalents at the beginning of the year		1,479,244	(14,781,192)	(10,508,478)	(9,353,343)
Effect of movements in exchange rates		(1,014,160)	1,517,005	-	-
<b>Cash and cash equivalents at the end of the year (Note 27)</b>		<b>(6,609,785)</b>	<b>1,479,244</b>	<b>(7,460,032)</b>	<b>(10,508,478)</b>
<b>Note B</b>					
<b>Analysis of cash and cash equivalents at the end of the year</b>					
Short term deposits	27	5,892,476	3,328,455	-	-
Cash at bank	27	17,043,369	21,524,736	170,022	212,665
Cash in transit	27	49,728	49,445	-	-
Bank overdraft and Other Short Term Borrowings	27	(29,595,358)	(23,423,392)	(7,630,054)	(10,721,143)
		(6,609,785)	1,479,244	(7,460,032)	(10,508,478)

The notes from pages 78 to 208 form an integral part of these financial statements.  
Figures in brackets indicate deductions.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Reporting Entity

### 1.1 Domicile & Legal Form

Melstacorp PLC (the "Company") is a quoted public limited liability Company incorporated and domiciled in Sri Lanka. The Company has been registered under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007. The registered office and principal place of business of the Company is located at No.110, Norris Canal Road, Colombo 10.

On 21 January 2011, the name of Beruwala Distillery (Private) Limited was replaced with the name of Melstacorp (Private) Limited and the Company has changed its status into a Public Company with effect from 10 August 2011. The Ordinary Shares of the Company were listed in Colombo Stock Exchange on 30 December 2016.

The Consolidated Financial Statements of Melstacorp PLC, as at and for the year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

### 1.2 Principal Activities and Nature of Operation

#### 1.2.1 Company

Melstacorp PLC, manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Company, and provides function based services to its subsidiaries and associates. Further the Company lease out its properties to external parties and its subsidiaries.

There were no significant changes in the nature of the principal business activities of the companies in the Group during the financial year under review.

### 1.3 Parent Enterprise and Ultimate Parent Enterprise

The immediate and ultimate parent entity of Melstacorp PLC is Milford Exports Ceylon (Private) Limited.

## 2. Basis of Preparation

### 2.1 Statement of Compliance

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (referred "SLFRS/ LKAS") as laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

Further, the tax liability arising from the surcharge tax Act No. 14 of 2002 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under note 09 - Income tax.

Details of the Company's and Group's accounting policies and changes thereto, are included in note 3 to these financial statements.

These Financial Statements include the following components:

- Statements of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company and the Group for the year under review.
- Statements of Financial Position providing the information on the financial position of the Company and the Group as at the year end.
- Statements of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company and the Group.
- Statements of Cash Flows providing the information to the users, on the ability

of the Company and the Group to generate cash and cash equivalents and utilisation of those cash flows.

- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

### 2.2 Directors' Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRSs/ LKASs).

### 2.3 Approval of Financial statements

The Consolidated Financial Statements for the year ended 31 March 2023 were approved and authorised for issue by the Board of Directors in accordance with Resolution of the Directors on 31st August 2023.

### 2.4 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

### 2.5 Functional and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Property, Plant and Equipment- Land and Building	Fair value
Investment Property	Fair Value
Retirement benefit obligation	Present value of the defined benefit obligation
Financial Assets Measured at Fair Value Through Other Comprehensive Income	Fair Value
Financial Assets Measured at Fair value through profit or loss	Fair Value
Consumable Biological Assets	Fair Value
Lease liabilities	Present Value of future cash flows

## 2.6 Materiality and Aggregation

Each material class of similar item is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

## 2.7 Use of Judgments and Estimates

The preparation of Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS and LKAS) requires management to make judgments, estimates and assumptions that affect the application of Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have significant effect on the amounts recognised in the consolidated financial statements is included in following Notes;

**Note 15** – Revaluation of Land and Buildings

**Note 18** – Biological Assets

**Note 22.1** - Recognition of deferred tax assets: availability of future taxable profit against which carried forward tax losses can be used

**Note 33.1.2** – Measurement of defined benefit plan; key actuarial assumptions

**Note 41** – Recognition and measurement of provisions for contingencies; key assumptions about the likelihood and magnitude of an outflow of resources

**Note 20** – Consolidation : Whether the Group has de facto control over an investee

**Note 32** – lease term : whether the Group is reasonably certain to exercise extension options.

## 2.8 Going Concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

## 3. Significant Accounting Policies

The accounting policies have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

### 3.1 Basis of consolidation

The Financial Statements of the Company and Group comprise the Financial Statements of the Company and its Subsidiaries for the year ended 31 March 2022 other than Periceyl (Private) Limited, Continental Insurance Lanka Limited, Madulsima Plantations PLC, Balangoda Plantations PLC, Formular World PVT Ltd and Continental Insurance Life Lanka Ltd whose financial year ends on 31 December. The difference between the reporting date of the above companies and that of the parent does not exceed three months but adjustments are made for any significant transactions or events up to 31 March.

#### 3.1.1 Business combinations

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if 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 on which control commences until the date when control ceases.

## 3.1.3 Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## 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 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.

## 3.1.6 Interests in Equity Accounted Investees

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating

policies. Joint ventures are contractual arrangements when by two or more parties agree to share control over an economic activity. Interests in associates and Joint ventures are accounted for using the equity method (equity accounted investees). They are recognised initially 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 ceases.

## 3.2 Foreign Currency

### 3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determinate.

Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Foreign currency losses are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI

- Qualifying cash flow hedges to the extent that the hedges are effective

### 3.2.2 Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Sri Lanka rupees at the exchange rates at the reporting date.

The income and expenses of the foreign operations are translated into Sri Lanka rupees at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the Exchange fluctuation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially 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 a part of gain or loss on disposal. If the Group disposes of part of its interest in subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## 3.3 Statement of Financial Position

### 3.3.1 Property, Plant & Equipment

#### 3.3.1.1 Freehold Assets Recognition

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period. Property, Plant & Equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

#### Measurement

Items of property, plant & equipment are measured at cost or at fair value in the case of land and buildings less accumulated depreciation and accumulated impairment losses.

The cost of property, plant & equipment includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing

the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

### Subsequent Cost

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss.

### De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

### Revaluation

The Group revalues its land and buildings at least once in every five years which is measured at its fair value at the date of revaluation less any accumulated depreciation and any accumulated impairment losses. On revaluation of land and building, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it offsets a previous decrease in value of the same asset that was recognised in the profit or loss. A decrease in value is recognised in the profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

### Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using straight-line basis over the estimated useful lives, and is generally recognised in profit or loss. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term or the useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows.

Power generating plants of some of the Group companies in the renewable energy segment that are not depreciated as above are depreciated on the unit of production basis. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Freehold Buildings	20 – 50 years
Plant, Machinery & Equipment	10 – 20 years
Medical Equipment	10 years
Furniture & Fittings/ Office Equipment	10 years
Vats & Casks	10 years
Oil Storage Tanks	10 years
Computers equipment	03 – 05 years
Motor Vehicles	04 – 10 years
Empty Drums	02 years
Kitchen Equipment	10 years
Soft Furnishing, Crockery, Cutlery and Glassware	05 – 10 years
Speed Boats	05 years
Power Generation Plants	10 – 20 years or over the period of the power purchasing agreement

### Capital Work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery, awaiting capitalisation.

### Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment losses on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

### 3.3.2 Leases

#### 3.3.2.1 Group acting as a lessee

At commencement or modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its stand-alone price.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease

# NOTES TO THE FINANCIAL STATEMENTS

liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

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, the Group's incremental borrowing rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of the lease asset.

- Lease payments included in the measurement of lease liability includes
- Fixed payments
- Variable lease payments that depend on an index or rate
- Amount expected to be payable under residual value guarantee
- The exercise price under a purchase option that the Company is reasonably certain to exercise

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 or if there is a fixed in substance lease payment.

When the lease liability is remeasured as such, a corresponding adjustment is made to the carrying amount of the right-of-use

asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents the right-of-use asset and the lease liability as separate line items in the Statement of Financial Position.

### Short term leases and leases of low value assets

The Group elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on the straight-line basis.

#### 3.3.2.1 The Group acting as a lessor

When the Group acts as the lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of risks and rewards incidental to ownership of the underlying asset. If this is the case, lease is a finance lease; if not it is an operating lease.

#### 3.3.3 Intangible Assets

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 "Intangible Assets". Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill acquired in a business combination is tested annually for impairment or more frequently if events or changes in circumstance indicate that it might be impaired and carried at cost less accumulated impairment losses.

Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which goodwill arose.

#### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

#### Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using straight-line basis over the estimated useful lives from the date that they are available for use, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for the current and comparative periods are as follows: Computer software 3 years.

#### 3.3.4 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or administrative purpose. Investment properties are initially measured at its cost including related transaction costs and subsequently at fair value with any change therein recognised in profit or loss.

Investment properties are derecognised when disposed or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on the retirement or disposal is recognised in the profit or loss in the year of retirement or disposal. Transfers are made to investment property, when there is a change in use. Where a Group company occupies in a significant portion of an investment property of a subsidiary, such investment properties are treated as property, plant & equipment the consolidated financial statements and accounted for as per LKAS 16 Property, Plant & Equipment unless such properties are originally acquired with the intention of capital appreciation.

### 3.3.5 Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The general basis on which cost is determined is: all inventory items, except manufactured inventories and work-in progress are measured at weighted average directly attributable cost.

Manufactured inventories and work in progress are measured at weighted average factory cost which includes all direct expenditure and appropriate shares of production overhead based on normal operating capacity.

### 3.3.6 Financial Instruments

#### 3.3.6.1 Recognition and initial measurement

The Group initially recognises receivables and deposits on the date they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes party to the contractual provision of the instrument.

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 an 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.

#### 3.3.6.2 Classification and subsequent measurement

##### 3.3.6.2.1 Financial Assets

On initial recognition, a financial asset is classified as measured at; amortised cost; FVOCI –debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequently to their 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 payment of principal and interest on the principal amount outstanding.

On the 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 assets 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 objectives 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 Group's management. The risks that affect the performance of the business model (and the financial assets held within the 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 asset managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

# NOTES TO THE FINANCIAL STATEMENTS

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.

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method 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.
<b>Equity investments at FVOCI</b>	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.

## Financial Assets - Assessment whether contractual cash flows are solely payment of principal and interest:

For the purpose 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 cost), as well as a profit margin.

In assessing whether the contractual cash flows are solely payment 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 limits the Group's claim to cash flows from specific assets (e.g. non-recourse features)

The prepayment feature is consistent with the solely payment 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 addition compensation for early termination of the contract.

## 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 and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method 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.

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.

## B. Financial Liabilities

### Financial Liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## 2. Derecognition

### 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.

### 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 noncash assets transferred or liabilities assumed) is recognised in profit or loss.

### 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.

#### 3.3.6.3 Hedge accounting and cash flow hedge

'Hedging' is a process of using a financial instrument to mitigate all or some of the risk associated to a hedged item. 'Hedge accounting' changes the timing of recognising the gains and losses on either the hedged item or the hedging instrument so that both are recognised in profit or loss or other comprehensive income in the

same accounting period in order to record the economic substance of the relationship between the hedged item and instrument.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on a prospective basis according to SLFRS 09 – 'Financial Instruments' requirements.

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

#### Cash Flow Hedge

A hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised

asset, liability or a highly probable forecast transaction that could affect the profit or loss is classified as a cash flow hedge.

When a non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the non-derivative financial liability is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the non-derivative financial liability that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the non-derivative financial liability is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting (after taking into account any rebalancing of the hedging relationship) or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of the hedging reserve are immediately reclassified to profit or loss.

#### 3.3.7 Impairment Financial Assets

##### A Non-derivative financial assets

The Group recognises loss allowances for Expected Credit Loss (ECL) on:

- Financial assets measured at amortised cost;

# NOTES TO THE FINANCIAL STATEMENTS

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk has not increased significantly since initial recognition which are measured at 12-month ECLs:

Loss allowance for trade receivables are 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 Group 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 considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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.

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 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;
- 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 allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Group initially makes an assessment with respect to the timing and amount to write off based on whether there is a reasonable expectation of recovery.

## B. Non Financial Assets

The carrying amounts of the Company's non-financial assets, other than, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

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 discounting rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. 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 the other assets or CGUs.

Impairment losses are recognised in Profit or Loss. Impairment losses recognised in respect of CGUs are allocated reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

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 amortisation, if no impairment loss had been recognised.

### 3.3.8 Stated Capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### 3.3.9 Employee Benefits

#### a. Defined Contribution Plans

Defined contribution plan is a postemployment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods during services is rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### Employees' Provident Fund (EPF)

The Group entities and employees contribute 12% and 8% respectively on the basic salary of each employee to the above mentioned fund.

#### Employees' Trust Fund (ETF)

The Group entities contributes 3% of the basic salary of each employee to the Employees' Trust Fund.

#### b. Defined Benefit Plans

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The valuation is performed annually by a qualified actuary using the projected unit credit method. When the valuation results in a benefit to the Group, the recognised asset is limited to the total of

any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans directly in the other comprehensive income and all expenses related to defined benefit plan in personnel expense in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the result in changing benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises the gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### c. Short Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### 3.3.10 Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognised, if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

All the contingent liabilities are disclosed, as Notes to the Financial Statements unless the outflow of resources is made contingent assets if exits are disclosed when inflow of economic benefit is probable.

### 3.3.11 Commitments

All material commitments as at the reporting date have been identified and disclosed in the Notes to the Financial Statements.

## 3.4 Statement of Profit or Loss and Other Comprehensive Income

### 3.4.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue when it transfers the promised good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intragroup sales.

SLFRS 15 established a comprehensive framework for determining whether, how much and when to recognise revenue. Revenue is measured based on the consideration specified in a contract with a customer. Under SLFRS 15, the Group revenue is recognised when a customer obtains control of the goods or services. Standard also gives guidelines for determining the timing of the transfer of control ie: at a point in time or over time requires judgement.

Under SLFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.

#### a. Sale of goods

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

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price

# NOTES TO THE FINANCIAL STATEMENTS

needs to be allocated (e.g., warranties and free maintenance). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any)

## b. Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period irrespective of whether the service is billed.

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer.

However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and records the revenue at the net amount that it retains for its agency services.

## c. Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the agreement.

## 3.4.2 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale is capitalised as part of that asset.

Borrowing costs that are not capitalised are recognised as expenses in the period which they are incurred and charged to the statement of profit or loss.

The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in LKAS 23 – 'Borrowing Costs'.

## 3.4.3 Finance Income and Expenses

Finance income comprises interest income on funds invested gains on the disposal of financial assets. Interest income is recognised as it accrues in the profit or loss, using the effective interest method.

Finance cost comprise interest expenses on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available for sale financial assets, impairment losses recognised on financial assets (other than trade receivables).

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.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

## 3.4.4 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, or other comprehensive income.

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".

### a. Current Income Tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted

or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. Current tax payable also includes any tax liability arising from the tax on dividend income.

Current tax assets and liabilities are offset only if certain criteria are met.

### b. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates to the extent that the

Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Temporary differences in relation to a right-of-use asset and lease liability are regarded as a net package (net of right-of-use asset and lease liability) for the purpose of recognising deferred tax.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Variable	Comment
Currency valuation	Sri Lankan Rupees
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species in different geographical regions
	Factor all the prevailing statutory regulations enforced for harvesting of timber coupled with forestry plan of the company
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company
Selling price	Selling price estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.
Planting cost	Estimated costs for further development of immature areas are deducted
Discount rate	Future cash flows are discounted at following discount rates: Timber trees 14%

### 3.5 Subsequent Events

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

### 3.6 Earnings Per Share

The Group presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.7 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (Business Segment) or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks and rewards that are different from those of other segments.

The activities of the segments are described in Note 05 to the Financial Statements.

### 3.8 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short- term

highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### 3.9 Comparative Figures

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the current period's financial statements and to enhance the interpretation comparability.

Where necessary, comparative figures have been reclassified to conform to the current year's presentation in order to provide a better presentation.

### 3.10 Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Grants and subsidies which intend to compensate an expense or loss already incurred or received for the purpose of immediate financial support with no future related costs, are recognised in the income statement in the period in which the grant becomes receivable.

Grants and subsidies related to assets are immediately recognised in the statement of financial position as deferred income, and recognised in the income statement on a systematic and rational basis over the useful life of the asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and recognised in the income statement over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

# NOTES TO THE FINANCIAL STATEMENTS

When loans or similar assistance are provided by Governments or related institutions with an interest rate below the applicable market rate, the effect of this favourable interest is regarded as a Government grant.

## 3.11 Policies Specific to Plantation Sector

### 3.11.1 Biological Asset

#### 3.11.1.1 Immature and Mature Plantations

Biological assets are classified into mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specification. Tea, rubber, other plantations and nurseries are classified as biological assets.

	No. of years	Rate %
Buildings & Roads	40	2.5
Plant & Machinery	20/25	4.00/5.00
Motor Vehicles	15/20	5.00/6.67
Equipment	8/4	12.50/25
Furniture & Fittings	10	10
Water Sanitation's	20	5
Mature Plantations (Replanting and New Planting)	-	-
Tea	33 1/3	3
Rubber	20	5
Coffee	10	10
Citrus	10	10

	No. of years	Rate %
Bare land	53	1.89
Improvements to land	30	3.33
Mature Plantations (Tea & Rubber)	30	3.33
Buildings	25	4
Machinery	15	6.67
Mini Hydro Scheme	10	10
Citrus	10	10

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea plants, those that are not intended to be sold or harvested, however used to grow for harvesting agriculture produce. Consumable biological assets includes managed timber trees those that

are to be harvested as agricultural produce from biological assets or sold as biological assets.

The entity recognise the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits

associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – "Property Plant & Equipment" as per the ruling issued by Institute of Chartered Accountants of Sri Lanka.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer biological assets (Tea, Rubber, Timber fields) which comes into bearing during the year, is transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of each reporting period.

Permanent impairments to biological asset are charged to the statement of profit or loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. Key assumptions and sensitivity analysis are given in Note 18.2.1 and 18.2.2.

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in profit or loss for the period in which it arises.

### 3.11.1.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Income Statement in the year in which they are incurred.

### 3.11.1.3 Land Development Cost

These costs have been capitalised and amortised over the remaining lease period.

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands.

Permanent impairments to land development costs are charged to the statement of profit or loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

## 3.11.2 Depreciation and Amortisation

### (a) Depreciation

Depreciation is recognised in statement of profit or loss on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant & equipment. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives

of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less. No depreciation is provided for immature plantations.

### (b) Amortisation

The leasehold rights of assets taken over from SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

## 3.11.3 Deferred Income

### 3.11.3.1 Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by Governments or related institutions with an interest rate

below the current applicable market rate, the effect of this favourable interest is regarded as additional Government grant. Assets are amortised over their useful lives as follows;

Buildings	40 years
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## 3.12 Policies Specific to Insurance Sector

### 3.12.1 Insurance Contracts

As permitted by SLFRS 4 Insurance Contracts, the Group continues to apply the existing accounting policies for Insurance Contracts that were applied prior to the adoption of SLFRS.

### Product Classification

SLFRS 4 requires contracts written by insurers to be classified as either "insurance contracts" or "investment contracts" depending on the level of insurance risk transferred.

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

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

# NOTES TO THE FINANCIAL STATEMENTS

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

All the products sold by the Group are insurance contracts and therefore classified as Insurance contracts under the SLFRS 4 – Insurance Contracts. Thus, the Group does not have any investment contracts within its product portfolio as at the reporting date.

### 3.12.2 Deferred Acquisition Costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred and amortised over the period in which the related revenues are earned. All other acquisition costs are recognised as an expense when incurred.

The DAC is applicable only to Non – Life Insurance Contracts. In line with the available regulatory guidelines from the Insurance Board of Sri Lanka (IBSL), the DAC is calculated based on the 365 days basis.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of comprehensive income. No such indication of impairment was experienced during the year. DAC is derecognised when the related contracts are either settled or disposed-off.

### 3.12.3 Reinsurance

The Group cedes insurance risk in the normal course of business to recognised re-insurers through formal reinsurance arrangements. Reinsurance assets include the balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from re-insurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the re-insurer's policies and are in accordance with the related reinsurance contract.

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

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

### 3.12.4 Premium Receivable

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Collectability of premiums is reviewed on an ongoing basis.

According to the Premium Payment Warranty (PPW) directive issued by the Insurance Board of Sri Lanka (IBSL), all Non-Life insurance policies are issued subject to PPW and are cancelled upon the expiry of 60 days if not settled except some selected customers where Group has allowed extra period for settlements.

### 3.12.5 Insurance Provision – Non – Life Insurance

Non - Life Insurance contract liabilities include the outstanding claims provision including IBNR /IBNER and provision for unearned premiums.

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries.

Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date.

The valuation of Unearned Premium Reserve is measured in accordance with guidelines of the Regulation of Insurance Industry Act, No. 43 of 2000 (i.e. based on the 365 days basis). The Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) claims reserve are actuarially computed. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

### Liability Adequacy Test (LAT)

As required by the SLFRS 4- Insurance Contracts, the Group performed a Liability Adequacy Test (LAT) in respect of Non - Life Insurance contract liabilities with the assistance of the external actuary.

### 3.12.6 Revenue Recognition

#### 3.12.6.1 Insurance Premiums

##### a) Non - Life Insurance Business

Gross written premiums - Non – Life Insurance comprise the total premiums received /receivable for the whole period of cover provided by contracts entered into during the accounting period. Gross Written Premium is generally recognised is written upon inception of the policy. Upon inception of the contract, premiums are recorded as written and are earned primarily on a prorata basis over the term of the related policy coverage.

Rebates that form part of the premium rate, such as no claim rebates, are deducted from the gross premium.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on 365 days basis in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000. However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums which is included under liabilities.

##### b) Reinsurance Premiums

Gross reinsurance premiums on insurance contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Reinsurance premiums are decided based on rates agreed with re-insurers. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts (using 365 days basis in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000).

#### 3.12.6.2 Policy Income

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees are recognised as revenue upon receipt or becoming due and is classified under other income.

### 3.12.7 Benefits, Claims and Expenses

#### a) Gross Benefits and Claims Non - Life Insurance Business

Non - Life insurance claims include all claims occurring during the year, whether reported or not together with claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims.

The provision in respect of Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) is actuarially valued to ensure a more realistic estimation of the future liability based on the past experience and trends. Actuarial valuations are performed on a semiannual basis. Whilst the Directors consider that the provisions for claims are fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events.

This may result in adjustments to the amounts provided. Such amounts are reflected in the financial statements for that period.

The methods used to estimate claims and the estimates made are reviewed regularly.

#### b) Reinsurance Claims

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

### 3.12.8 Net Deferred Acquisition Expenses

Acquisition expenses, representing commissions, which vary with and are directly related to the production of business, are deferred and amortised over the period in which the related written premiums are earned.

Reinsurance commission is also treated in the same manner within deferred acquisition costs.

### 3.12.9 Premium income (GWP) and other sundry sales related taxes

Revenue, expenses and assets are recognised net of the amount of sales taxes and premium taxes except where the premium or sales tax incurred on the purchase of assets services is not recoverable from the taxation authority, in which case, the sale tax is recognised as a part of the cost of acquisition of the asset or as a part of the expense item, as applicable.

### 3.13 Policies Specific to Telecommunication Sector

#### 3.13.1 Depreciation

The estimated useful lives used are as follows;

Buildings	8 years
Shelters and other equipment	5 years
Vehicles	5 years
Furniture and fittings	5 years
Computer software	3 years
Leasehold improvements	5 years
Leased equipment	3 – 10 years
Office/Other equipment	1 - 5 years
Digital Electronic Switches	10 years
Network Equipment	10 years
Towers	10 years
Customer premise equipment	1 – 10 years
FLAG project assets	5 – 15 years
WiMAX	5 – 10 years

# NOTES TO THE FINANCIAL STATEMENTS

## 3.13.2 Intangible Assets

### 3.13.2.1 License Fees and Access Rights

Separately acquired licenses and access rights are shown at historical cost. Expenditures on license fees and access rights that is deemed to benefit or relate to more than one financial year is classified as intangible assets and is being amortised over the agreement period on a straight line basis.

### 3.13.2.2 Amortisation

Amortisation is recognised in the statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer software	3 – 5 years
FLAG access rights	15 years
Licenses	10 years

### 3.13.3 Revenue

Revenue from services rendered in the course of ordinary activities is measured at fair value of the consideration received or receivable net of trade discounts and volume rebates.

Revenue is recognised when persuasive evidence exist, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The revenue is recognised as follows:

#### 3.13.3.1 Domestic and International Call Revenue, Rental Income

Revenue for call time usage by customers is recognised as revenue as services are performed on accrual basis.

Fixed rental is recognised as income on a monthly basis in relation to the period of the rental.

#### 3.13.3.2 Revenue from other Network Operators and International Settlements

The revenue received from other network operators, local and international, for the use of the Group's telecommunication network are recognised, net of taxes, based on usage taking the traffic minutes/ per second rates stipulated in the relevant agreements and regulations and based on the terms of the lease agreements for fixed rentals. Revenue arising from the interconnection of voice and data traffic between other telecommunications operators is recognised at the time of transit across the Group's network and presented on gross basis.

The relevant revenue accrued is recognised under income in the statement of profit or loss and interconnection expenses recognised under operating costs in the statement of profit or loss.

#### 3.13.3.3 Revenue from Broadband

Revenue from broadband service is recognised on usage and the fixed rental on a monthly basis when it is earned net of taxes, rebates and discounts.

#### 3.13.3.4 Revenue from other Telephony Services

The revenue from Data services and other telephony services are recognised on an accrual basis based on fixed rental contracts entered between the Group and subscribers.

#### 3.13.3.5 Installation Revenue

The installation revenue relating to Code Divisional Multiple Access (CDMA) and non CDMA connections are deferred over the expected life of the customer on the network.

#### 3.13.3.6 Service Agreements Revenue

Capacity contracts which convey the right to use a specified capacity in an identified fiber cable are accounted as service arrangements. Customers are charged on a monthly basis based on usage, and the contracts are for a short- term.

#### 3.13.3.7 Prepaid Card Revenue

Revenue from the sale of prepaid card on CDM A, Internet is recognised upon activation of the said card as the period of expiry of the card and the non- refundable nature of the amounts are considered immaterial to the revenue recognition process.

## 4. New / amendments to accounting standards issued but not effective as at the reporting date

The Institute of Chartered Accountants of Sri Lanka has issued following amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) which will become applicable for financial periods beginning after 1st April 2023. Accordingly, the Company has not applied these amendments in preparing these Financial Statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

#### **4.1 Classification of liabilities as current or non-current (amendments to LKAS 1)**

Under existing LKAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

#### **4.2 Deferred tax related to assets and liabilities arising from a single transaction (Amendment to LKAS 12)**

#### **4.3 Disclosure of Accounting Policies (Amendments to LKAS 1)**

#### **4.4 Definition of Accounting Estimates (Amendments to LKAS 8)**

# NOTES TO THE FINANCIAL STATEMENTS

## 5 Operating segment information

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), which is subject to risks and rewards that are different from those of other segments.

Segmental information is presented in respect of the Group's business segments. The business segments are determined based on the Group's management and internal reporting structure. Inter-segment transfers are based on fair market prices. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 5.1 Segment revenues

For the year ended 31 March,	External revenue	
	2023 Rs.'000	2022 Rs.'000
Beverages	128,816,798	111,915,714
Plantation	10,243,162	7,102,338
Telecommunication	1,592,016	1,928,701
Financial services	6,358,469	4,355,033
Diversified	100,250,788	57,688,116
<b>Total gross revenue</b>	<b>247,261,233</b>	<b>182,989,902</b>
<b>Excise duty</b>	<b>(69,179,430)</b>	<b>(76,919,114)</b>
<b>Total net revenue</b>	<b>178,081,803</b>	<b>106,070,788</b>

### 5.2 Segment profits

For the year ended 31 March,	External revenue	
	2023 Rs.'000	2022 Rs.'000
Beverages	31,685,950	13,921,585
Plantation	2,970,731	(46,037)
Telecommunication	(4,074,430)	(1,720,872)
Financial services	2,390,160	1,001,366
Diversified	8,715,651	13,265,283
	<b>41,688,062</b>	<b>26,421,325</b>
Share of profit of equity-accounted investees (net of tax)	1,115,651	441,977
<b>Profit before income tax expense</b>	<b>42,803,713</b>	<b>26,863,302</b>
Taxation	(19,835,803)	(9,228,574)
<b>Profit for the year</b>	<b>22,967,910</b>	<b>17,634,728</b>

### 5.3 Other segmental information

	Reporting segment												Eliminations (other consolidated adjustments)		Group Total				
	Beverages			Telecommunication			Plantation			Financial Services							Diversified		
	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	
For the year ended 31 March,																			
Purchase of PPE	154,610	49,094	138,863	105,128	93,494	77,708	30,643	8,589	3,094,725	1,594,841	-	22,173	3,496,549	1,873,319					
Additions to intangible assets	-	-	162,249	-	23	1,433	5,119	1,035	10,480	73,992	-	-	177,871	76,460					
Depreciation of PPE	508,085	461,102	402,395	521,431	245,555	248,034	17,243	18,451	5,826,188	4,205,338	157,140	285,707	7,156,606	5,740,063					
Amortisation and impairment of intangible assets	-	-	132,849	290,807	578	293	1,938	3,801	64,875	56,965	-	352,640	200,240	704,506					
Amortisation of bearer biological assets at finance lease (IFED/SLPC)	-	-	-	-	122,219	121,652	-	-	-	-	-	-	122,219	121,652					
Interest expense	209,553	266,591	987,438	345,412	1,685,562	605,471	14,637	8,654	15,421,809	4,929,067	(4,535,930)	(1,112,605)	13,783,069	5,042,590					

	Reporting segment												Eliminations (other consolidated adjustments)		Group Total				
	Beverages			Telecommunication			Plantation			Financial Services							Diversified		
	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	
As at 31 March,																			
Total assets	32,224,606	27,038,444	1,300,781	4,468,252	18,762,452	14,658,392	12,376,894	8,956,652	341,751,397	330,832,309	(71,934,504)	(74,006,804)	334,481,626	311,947,245					
Total liabilities	18,756,295	19,776,921	12,515,864	10,920,845	14,871,169	12,882,435	6,907,547	4,947,461	156,407,124	150,183,909	(25,768,697)	(23,097,370)	183,689,302	175,614,201					
Retirement benefit obligations	326,801	188,210	27,620	64,585	2,187,598	2,194,231	53,736	51,547	1,418,941	1,212,935	-	201,290	4,014,696	3,912,797					
Deferred tax assets	349,097	173,834	11,466	639	1,477,200	426,557	38,917	14,209	4,725,758	3,096,475	(154,750)	(139,331)	6,447,688	3,572,382					
Deferred tax liabilities	1,575,400	1,690,776	852	374	3,523,147	1,200,103	9,400	3,336	12,370,395	7,125,995	1,561,975	1,556,561	19,041,169	11,577,145					
Income tax payable	4,408,351	1,711,631	8	-	-	7,325	246,748	173,363	1,788,446	1,532,316	-	-	6,443,553	3,424,693					

### 5.4 Segmental cash flows

	Reporting segment												Eliminations (other consolidated adjustments)		Group Total				
	Beverages			Telecommunication			Plantation			Financial Services							Diversified		
	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	2023	2022	Rs.'000	
As at 31 March,																			
Operating Cash Flow	4,003,461	11,968,689	(19,300)	(72,744)	2,366,624	297,307	1,700,979	493,021	14,361,820	29,144,396									
Investing Cash Flow	1,628,301	386,420	(15,938)	(7,683)	(336,113)	(275,106)	609,299	(1,067,127)	(778,576)	(9,542,361)									
Financing Cash Flow	(11,158,528)	(7,577,230)	1,043	(32,418)	688,707	(191,931)	(480,516)	282,106	(22,299,039)	(9,222,231)									
	(5,526,766)	4,777,879	(34,195)	(112,845)	2,719,218	(169,730)	1,829,761	(292,000)	(8,715,795)	10,379,804									

# NOTES TO THE FINANCIAL STATEMENTS

## 6 Revenue

### 6.1 Revenue Streams

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Revenue from contracts with customers</b>				
Sales of goods	150,727,227	124,749,870	-	-
Rendering of services	96,142,600	57,786,536	259,234	263,618
Other revenue	391,406	453,496	-	-
<b>Total gross revenue (Note 6.2)</b>	<b>247,261,233</b>	<b>182,989,902</b>	<b>259,234</b>	<b>263,618</b>

### 6.2 Business segment analysis of gross revenue

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Beverages	128,816,798	111,915,714	-	-
Plantation	10,243,162	7,102,338	-	-
Telecommunication	1,592,016	1,928,701	-	-
Financial Services	6,358,469	4,355,033	-	-
Diversified	100,250,788	57,688,116	259,234	263,618
<b>Total gross revenue</b>	<b>247,261,233</b>	<b>182,989,902</b>	<b>259,234</b>	<b>263,618</b>

### 6.3 Geographical segment analysis of gross revenue

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Sri Lanka	198,430,355	156,369,942	259,234	263,618
Maldives	38,590,691	21,236,832	-	-
Other countries	10,240,187	5,383,128	-	-
<b>Total gross revenue</b>	<b>247,261,233</b>	<b>182,989,902</b>	<b>259,234</b>	<b>263,618</b>

### 6.4 Timing of revenue recognition

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Products and services transferred at a point in time	153,579,239	128,155,003	-	-
Products and services transferred over time	93,681,994	54,834,899	259,234	263,618
<b>Total gross revenue</b>	<b>247,261,233</b>	<b>182,989,902</b>	<b>259,234</b>	<b>263,618</b>

## 6.5 Performance obligations

Information about the Group's performance obligations are summarised below;

Type of product/services	Nature and timing of satisfaction of performance obligation	Revenue recognition
<b>Rendering of services</b>		
<b>Telecommunication sector</b>		
Monthly rental (Fixed)	The Company charges a rental from their customer for maintaining telephony packages and connections. It is charged on a monthly basis along with the monthly usage bill.	The fixed charge is recognised as an income on a monthly basis.
Call revenue	The Company charges a usage charge based on their customers call usage in a monthly basis.	Revenue is recognised when a call is made based on the usage at the rate determined for the package.
Broadband revenue	The Company charges a usage charge based on their customers internet usage on a monthly basis.	The revenue is recognised based on the usage.
Installation revenue	The Company charges a non-refundable fee in part as compensation for costs incurred in setting up the connection.	The revenue is recognised based on the identified performance obligation. Performance obligation is deemed satisfied upon the completion of the installation. Revenue is recognised at that time.
Receipts from other network operators	The company charges other network operators, local and international, for the use of the Company's telecommunication network are recognised, net of taxes, based on usage taking the traffic minutes/per second rates stipulated in the relevant agreements and regulations and based on the terms of the lease agreements for fixed rentals.	Revenue is recognised based on the usage of the subsidiary's network by other users.
Flag and Site rental revenue	The Company lends the towers owned by the Company and sublends the FLAG cable to other network operators.	Rental income to be recognised over the period.
<b>Diversified sector</b>		
<b>Tourism</b>		
Hotel operation	Main revenue of the Group's hotel operation is provision of rooms for guest accommodation (apartment revenue).	Revenue recognition for the Group's hotel operation is at point of time. Apartment revenue is recognised on the rooms occupied on a daily basis over the period of the stay, while the revenue from other sources such as food and beverage sales, are accounted for at the time of consumption/service. Invoices to customers are raised on completion of the hotel stay.

# NOTES TO THE FINANCIAL STATEMENTS

Type of product/services	Nature and timing of satisfaction of performance obligation	Revenue recognition
	<p>“Diamond Club” a loyalty programme, allows customers to accumulate points when they patronise the Group’s hotels in Sri Lanka which could be redeemed for future hotel accommodation. Component of the revenue attributable to the diamond points is deferred and recognised when points are redeemed</p>	Fair value of the points issued are deferred and recognised as revenue upon redemption.
Hotel management services	Consists of fees for providing management and marketing services to hotels. Fees for Hotel management services are calculated as a percentage of revenue and operating profit of the hotels.	Revenue for hotel management services is recognised at each month end.
Inbound and outbound travels	Main activity of the Group companies in the inbound and outbound travel segment is selling of tour packages and other destination management services. Customers are invoiced for the services at the commencement of the tour and the revenue is recognised at that point in time.	Revenue from sale of tour packages is recognised on the start date of the tour.
Airline General Sales Agent (GSA)	Overriding Commission from the Airlines is recognised on flown basis where as the ticketing commission from the airline is recorded on the date of the sale.	Revenue recognition at point in time.
<b>Maritime and logistics</b>		
Maritime and port services	Operations of the Group's maritime segment includes provision of services of a shipping agent, supply of marine lubricants, representation of liner shipping agencies and global container services as an agent of the principal shipping line. Revenue for segment represents the commission derived from the services rendered to the shipping lines. Revenue from the port operation and management services performed by the Group is recognised on the completion of the operation.	Commission income is recognised upon the departure of the vessel. Revenue is recognised at the point of time on completion of the port services.
	Revenue from the port operation and management services performed by the Group is recognised on the completion of the operation	Revenue is recognised at a point in time on completion of the port services.
Freight forwarding and courier	Revenue from freight forwarding and courier operations of the Group is recorded when the cargo is loaded to the vessel.	Revenue recognition for the freight forwarding and courier operation is at the point in time.

Type of product/services	Nature and timing of satisfaction of performance obligation	Revenue recognition
Integrated logistics	Revenue from Group's container freight station (CFS) operations and the depot operations is recognised upon dispatch of the container from the yard, income from transport and other special operations are recognised upon completion of the activity while the revenue from warehouse and renting of reefer containers are recognised on a monthly basis over the period of the hire.	At point of time for CFS, depot, transport and other special operations and over time for warehouse and renting of reefer containers.
Airline GSA (Cargo)	Commission income from airline GSA is recognised when cargo is handed over to the airline.	Revenue recognition at point in time.
<b>Strategic investments</b>		
Power generation	Revenue from thermal power generation is recognised based on the actual amount of electricity generated and supplied to the national grid as a variable component and a fixed component referred to as capacity charge calculated based on the minimum guaranteed energy amount as specified in the power purchase agreement (PPA), while the Revenue from renewable power, namely wind, hydro and waste, is recorded based on a fixed tariff in terms of the respective PPAs. Invoices for the generation of power are raised on a monthly basis.	Revenue is recognised on the last day of the month based on the power generated during the month.
<b>Services sector</b>		
Inward money transfer	The inward money transfer segment of the Group acts as a representative of the Western Union Network (France) SAS. Representative base compensation is recognised by the Company upon the completion of the inward money transfer.	Revenue is recorded at the point when inward money transfer is completed.
Elevator agency	Revenue on installation of elevators are recognised in the income statement by reference to the stage of completion at the reporting date. Stage of completion is measured by reference to the percentage of work done to date. Revenue for free maintenance inbuilt in the contract is deferred until installation is completed and there after recognised monthly once the maintenance period commences. However, invoices to customers are raised as per the contract terms.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on estimate of work completed.

# NOTES TO THE FINANCIAL STATEMENTS

Type of product/services	Nature and timing of satisfaction of performance obligation	Revenue recognition
Insurance	Commission income on the sale of insurance policies are recognised upon collection of the insurance premium while revenue from survey and other insurance services are recognised upon completion of the professional service.	Revenue recognised for commission income and fees for professional services is at point in time.
Property management (Renting of property)	Income for the property management companies are derived from renting of properties owned by them. Invoices for renting of property are issued on a monthly basis over the period of the rental agreement.	Revenue is recognised over time during the period of the rent agreements
Water bottling operation for the use in the hotel sector	Customers obtain control of bottled water upon sale of the item. Invoices are generated and revenue is recognised at the point in time when the bottles are dispatched from the Group's warehouse.	Revenue is recognised when the water bottles are dispatched from the Group's warehouse.
Printing and packaging (Supply of value added printing and packaging products and services)	Customers obtain control of goods when the goods are delivered to them. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods. Invoices are generated and revenue is recognised at the point in time when the goods are delivered.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.
Manufacturing of apparels	Customers obtain control of goods when the garments are handed over to the nominated freight forwarding company who is an agent of the customer. Invoices are generated and revenue is recognised at that point in time	The Group recognises revenue when the manufactured garments are handed over to the nominated freight forwarding company.
<b>Sale of goods</b>		
<b>Beverages</b>		
Liquor Bottles	Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or services to a contract.	Revenue from the sale of goods is recognised on the point which the goods are handed over to the customer.
<b>Plantation</b>		
Sale of produce from plantation	Black tea produce is sold at the Colombo tea Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer.	Revenue from sale of other crops are recognised at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

## 7 Cost of sales and net benefits paid

This includes all the directly attributable costs of sale of goods and rendering of services. Further, net insurance benefits and claims paid, net change in insurance claims outstanding and underwriting and net acquisition costs in insurance businesses are included.

## 8 Other operating income

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gain on change in fair value of biological assets	18.3	518,220	412,477	-	-
Amortisation of Government grants	34.1	14,479	14,727	-	-
Gain on sale of property, plant and equipment		27,945	38,997	-	-
Gain on termination of ROU asset		10,842	-	-	-
Fees and commission income		45,491	38,840	-	-
Rent income		146,802	149,782	-	-
Laboratory commissions		60,188	47,499	-	-
Sale of timber		19,897	43,517	-	-
Sundry income		434,797	259,859	99	10
Dividend income from subsidiary companies		-	-	11,333,602	10,709,293
Dividends from equity securities – at FVOCI		354,108	550,793	354,105	466,902
Dividends from equity securities – at FVTPL		10,572	47,253	124	22,926
Gain on disposal of fair value through profit and loss investments		420,045	176,329	97,185	83,382
Gain from Changes in Fair Value of Investment Properties	17	341,499	449,267	514,793	673,167
Gain on disposal of shares of subsidiaries		-	-	2,485	-
Reversal of provision for impairment		14,477	88,044	-	-
Reversal of long outstanding liabilities and provisions		15,967	64	-	-
Gain on Bargain Purchases		-	145,613	-	-
		<b>2,435,329</b>	<b>2,463,061</b>	<b>12,302,393</b>	<b>11,955,680</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 9 Other operating expenses

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Net impairment of financial assets measured at amortised cost		963,232	85,901	-	-
Provision for Impairment of amounts receivable from subsidiaries		-	-	4,697,067	1,320,145
Write-off of amounts receivable from subsidiaries		-	-	-	1,825,530
Bad debts written-off		340,190	-	-	-
Loss on disposal of property plant and equipment		25,843	10,100	-	-
Loss on retirement of investment properties / assets held for sale		72,269	-	-	-
Impairment of investment in subsidiaries	20.3	-	-	39,938	553,409
Impairment of investment in joint ventures	21.1	-	-	861,310	-
Impairment of goodwill on acquisition of subsidiaries	16.3	-	352,640	-	-
Impairment of immature biological assets	18.1.2	22,066	14,494	-	-
Write-off of bearer biological assets	18.1.2	7,097	30,813	-	-
Other expenses		153,124	43,034	-	-
Impairment of Property Plant and Equipment and intangible assets	15/16	1,498,145	-	-	-
		<b>3,081,966</b>	<b>536,982</b>	<b>5,598,315</b>	<b>3,699,084</b>

## 10 Finance income and finance costs

### 10.1 Recognised in profit and loss

#### 10.1.1 Finance income

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Interest income and net change in fair value of government securities classified as FVTPL	126,329	1,764	-	-
Interest income on financial assets measured at FVOCI	51,051	50,764	-	-
Interest income on financial assets measured at amortised cost	4,585,290	1,949,795	2,644,828	784,494
Reversals of impairment losses on financial investments	1,418	-	-	-
Foreign exchange gain	5,800,393	7,827,449	-	-
Gain on change in fair value of financial assets at fair value through profit or loss	125,128	269,634	86,059	221,462
	<b>10,689,609</b>	<b>10,099,406</b>	<b>2,730,887</b>	<b>1,005,956</b>

### 10.1.2 Finance costs

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Interest expense on financial liabilities measured at amortised cost					
Interest expense on lease liabilities	32	1,257,081	909,897	1,990	2,433
Interest on bank overdraft and Long/short term borrowings		12,525,988	4,132,693	1,465,126	637,885
Interest on related party current accounts		-	-	896,864	33,307
Other finance charges		344,039	170,500	-	-
Foreign exchange loss		2,756,279	1,109,106	-	-
Loss on change in fair value of financial assets at fair value through profit or loss		-	7,184	-	-
Loss on disposal of fair value through profit and loss investments		3,469	-	-	-
		16,886,856	6,329,380	2,363,980	673,625
<b>Net finance (costs)/income recognised in profit or loss</b>		<b>(6,197,247)</b>	<b>3,770,026</b>	<b>366,907</b>	<b>332,331</b>

**10.1.2** The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Total interest income on financial assets	4,762,669	2,002,323	2,644,828	784,494
Total interest expense on financial liabilities	13,783,069	5,042,590	2,363,980	673,625

### 10.2 Recognised in other comprehensive income

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Equity investments at FVOCI – net change in fair value	(231,229)	(2,178,760)	(436,981)	(1,992,968)
	(231,229)	(2,178,760)	(436,981)	(1,992,968)

# NOTES TO THE FINANCIAL STATEMENTS

## 11 Profit before income tax expense

Profit before income tax expense is stated after charging all expenses including the following;

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Remuneration to directors and fees		947,393	705,570	55,451	52,254
Auditor's remuneration		-	-	-	-
Audit - KPMG		54,019	46,064	1,125	1,000
- Other auditors		26,893	19,649	-	-
Non-audit - KPMG		13,971	19,574	-	-
- Other auditors		14,972	9,907	-	-
Personnel costs	11.1	25,406,347	18,055,424	130,638	93,489
Depreciation and amortisation					
Depreciation of property plant and equipment	15	7,156,603	5,740,064	5,321	5,789
Amortisation of intangible assets	16	200,240	351,866	386	1,761
Amortisation of bearer biological assets	18	122,219	121,652	-	-
Amortisation of Right of Use Assets assets	19	2,070,322	1,470,749	7,304	7,304
Donations		13,367	14,249	12,953	8,469
Direct Operating expenses relating to Investment Properties		16,501	11,831	9,696	7,002

### 11.1 Personnel costs

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Salaries, wages and other benefits		23,436,560	15,985,909	110,890	80,455
Employee benefits					
Defined contribution plans- EPF and ETF		1,447,217	1,385,525	13,518	9,573
Defined benefit plans	33.1.1	522,570	683,990	6,230	3,461
<b>Total</b>		<b>25,406,347</b>	<b>18,055,424</b>	<b>130,638</b>	<b>93,489</b>

#### 11.1.1 Number of employees

For the year ended 31 March,	Group		Company	
	2023	2022	2023	2022
Total number of employees	21,132	22,765	34	36

## 12 Taxation

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Current tax expense	12.1	18,204,539	8,587,072	1,260,425	1,294,208
Deferred tax charged	22.1.1	1,631,264	641,502	362,930	178,110
		19,835,803	9,228,574	1,623,355	1,472,318

### 12.1 Current tax expense

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Current tax charge	12.1.1	17,467,233	8,495,460	1,273,336	1,294,384
(Over)/under provision in respect of previous years		(35,689)	38,169	(12,911)	(176)
Withholding tax on dividends paid by subsidiaries		771,521	33,594	-	-
Write off of tax receivables		1,474	19,849	-	-
		18,204,539	8,587,072	1,260,425	1,294,208

#### 12.1.1 Numerical reconciliation of accounting profits to income tax expense

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit before income tax expense	42,803,712	26,863,302	7,001,701	8,613,539
Share of results of equity accounted investees	(1,115,651)	(441,977)	-	-
Dividend income from group companies	11,333,602	10,703,222	-	-
Other consolidation adjustments	(7,379,847)	(1,768,666)	-	-
	45,641,816	35,355,881	7,001,701	8,613,539
<b>Profit before income tax after adjustments</b>	<b>45,641,816</b>	<b>35,355,881</b>	<b>7,001,701</b>	<b>8,613,539</b>
(-) Income not subject to tax	(13,436,048)	(1,448,520)	(5,804,691)	(474,449)
(-) Income from other sources	(9,574,636)	(10,064,433)	(6,706,896)	(8,981,985)
(+) Disallowable expenses	28,874,485	16,568,596	5,641,112	1,083,061
(-) Allowable deductions	(12,215,466)	(19,397,926)	(88,449)	(86,389)
(+) Tax losses incurred	14,857,049	7,972,100	-	-
<b>Taxable profit from business</b>	<b>54,147,206</b>	<b>28,985,698</b>	<b>42,777</b>	<b>153,777</b>
Taxable profit from business	54,147,206	28,985,698	42,777	153,777
(+) Income from other sources	9,574,636	10,064,433	6,706,896	8,981,985
(-) Tax losses utilised	(7,674,693)	(6,722,332)	-	-
(-) Qualifying payments	-	-	-	-
<b>Taxable income</b>	<b>56,047,149</b>	<b>32,327,799</b>	<b>6,749,673</b>	<b>9,135,762</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Income tax at,				
Standard rate of 30%	1,899,643	-	372,086	-
Standard rate of 24% (From 01/04/2022 to 30/09/2022)	850,042	809,588	250,614	36,906
Standard rate of 15% on dividend income (From 01/10/2022 to 31/03/2023)	382,704	-	382,704	-
Standard rate of 14% on dividend income (From 01/04/2022 to 30/09/2022)	275,913	1,275,308	267,932	1,257,478
Special rate of 40% on liquor business	12,535,316	5,433,438	-	-
Concessionary rates	586,333	357,456	-	-
Other rates	160	-	-	-
Varying rates on off - shore profits	937,122	619,670	-	-
Total current tax charge	17,467,233	8,495,460	1,273,336	1,294,384
Average statutory income tax rate (%)	31.17%	26.28%	18.87%	14.17%

## 12.1.2 Effective tax rate

For the year ended 31 March,	Note	Group		Company	
		2023 %	2022 %	2023 %	2022 %
Effective tax rate	12.1.2.1	38.27%	24.03%	18.19%	15.03%

### 12.1.2.1 Reconciliation of effective tax rate

For the year ended 31 March,	Group			
	2023		2022	
	Rs.'000	%	Rs.'000	%
Profit before income tax after adjustments	45,641,819		35,355,881	
Income tax expense at the average statutory income tax rate	14,224,386	31.17%	9,291,213	26.28%
Income not subject to tax	(4,187,378)	-9.17%	(380,658)	-1.08%
Disallowable expenses	9,004,532	19.73%	4,354,081	12.32%
Allowable expenses	(3,813,165)	-8.35%	(5,102,820)	-14.43%
Tax losses incurred	4,630,236	10.14%	2,094,997	5.93%
Tax losses utilised	(2,391,837)	-5.24%	(1,766,569)	-5.00%
Qualifying payments	-	0.00%	-	0.00%
Current tax expense	17,467,233	38.27%	8,495,460	24.03%

For the year ended 31 March,	Company			
	2023		2022	
	Rs.'000	%	Rs.'000	%
Profit before income tax after adjustments	7,001,700		8,613,539	
Income tax expense at the average statutory income tax rate	1,320,881	18.87%	1,220,394	14.17%
Income not subject to tax	(1,095,064)	-15.64%	(67,221)	-0.78%
Disallowable expenses	1,064,204	15.20%	153,452	1.78%
Allowable expenses	(16,686)	-0.24%	(12,240)	-0.14%
Current tax expense	1,273,336	18.19%	1,294,384	15.03%

## 12.2 Applicable Rates and exemptions, Concessions or holidays granted on income tax

### 12.2.1 Application of substantively enacted tax rates

As specified in the Inland Revenue (Amendment) Act No. 45 of 2022, certified on December 19, 2022, the income tax payable for the year of assessment 2022/23 is calculated separately for two periods: the first 6 months ("First Period") from April 1, 2022, to September 30, 2022, and the second 6 months ("Second Period") from October 1, 2022, to March 31, 2023. The separation of business income included under taxable income into two periods can be done either on a pro-rata basis or actual basis.

With the exception of companies that benefit from income tax exemptions or are subject to concessionary rates as described below, the income tax provisions for companies have been computed based on their adjusted tax profits at the standard rate of 24% until September 30, 2022, and 30% thereafter

- Companies with specified sources exempt from income tax are given in note 12.2.1.2
- Companies with specified sources liable to income tax at concessionary rates are given in note 12.2.2
- Companies incorporated in Sri Lanka and operating outside Sri Lanka are given in note 12.2.3

#### 12.2.1.2 Companies with specified sources exempt from income tax

Company	Basis	Statute Reference	Period
Ahungalla Resorts Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Negombo Beach Resorts (Pvt) Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Sagasolar Power (Pvt) Ltd	Construction and operation of a solar power plant	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2027/2028
Turyaa Resorts (Pvt) Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	10 years ending 2026/2027
Upper Waltrim Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	7 years ending 2023/2024

# NOTES TO THE FINANCIAL STATEMENTS

In addition, the Inland Revenue Act No. 24 of 2017 and its amendments thereto specifies the following income tax exemptions, which are available to companies operating in the Group.

Company	Basis	Period
Aitken Spence Elevators (Private) Limited Aitken Spence Global Operations (Pvt) Ltd Aitken Spence Hotel Managements (Pvt) Ltd Aitken Spence Hotel Managements Asia (Pvt) Ltd Aitken Spence Hotels International (Pvt) Ltd Aitken Spence International Consulting (Pvt) Limited Aitken Spence PLC Aitken Spence Ports International Ltd Aitken Spence Travels (Pvt) Ltd Royal Spence Aviation (Pvt) Ltd	Gains and profits from any service rendered in or outside Sri Lanka to any person to be utilised outside Sri Lanka, where the payment for such services is received in foreign currency and remitted to Sri Lanka through a bank  Gains and profits from any foreign source (other than above) derived in foreign currency and remitted to Sri Lanka through a bank	Open ended
Aitken Spence Agriculture (Pvt) Ltd Elpitiya Plantations PLC	Gains and profits from sale of produce from agro farming	5 years ending 2023/2024

## All companies incorporated in Sri Lanka

- Interest or discount earned by any person on any sovereign bond denominated in foreign currency, including Sri Lanka Development Bonds, issued by or on behalf of the Government of Sri Lanka.
- Interest derived in foreign currency on any foreign currency account opened in any commercial bank or in any specialised bank, with the approval of the Central Bank of Sri Lanka.
- Dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company.

## 12.2.2 Companies with specified sources liable to income tax at concessionary rates

### 12.2.2.1 Companies liable to income tax at concessionary rates under the BOI Law

Company	Basis	Income Tax Rate*
Ace Power Embilipitiya (Pvt) Ltd	Construction and operation of a thermal power generation plant	15%
Aitken Spence Apparels (Pvt) Ltd	Set up and operate a project to manufacture garments and exports	15%
Ace Wind Power (Pvt) Ltd	Construction and operation of a wind power plant	20%
Aitken Spence Property Developments (Pvt) Ltd	Construction and operation of a luxury office building complex	20%
Branford Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	20%
Logilink (Pvt) Ltd	Operation of a warehousing facility	15%

\* Concessionary income tax rates referred to above are granted after the initial tax exemption period, in terms of Section 17 of BOI Law No. 4 of 1978.

### 12.2.2.2 Companies with specified sources liable to income tax at concessionary rates

Company	Basis/Statute Reference	Rate Up to 30.09.2022	Rate From 01.10.2022
Aitken Spence Engineering Solution (Pvt) Ltd Aitken Spence (Garments) Ltd	Gains and profits from conducting a business of exporting goods or merchandise	14%	30%
Ace Exports (Pvt) Ltd Ace Apparels (Pvt) Ltd	Specified undertaking supplying of services to an exporter or manufacture & supply to an exporter of non-traditional goods	14%	30%

Company	Basis/Statute Reference	Rate Up to 30.09.2022	Rate From 01.10.2022
Aitken Spence Hotel Holdings PLC Aitken Spence Hotels Ltd Aitken Spence Travels (Pvt) Ltd Hethersett Hotels Ltd Kandalama Hotels (Pvt) Ltd Paradise Resorts Pasikudah (Pvt) Ltd Turyaa (Pvt) Ltd	Gains and profits from an undertaking for the promotion of tourism	14%	30%
Ace Cargo (Pvt) Ltd Aitken Spence Cargo (Pvt) Ltd Aitken Spence Shipping Ltd Aitken Spence Shipping Services Ltd Clark Spence & Company (Pvt) Ltd D B S Logistics Ltd Hapag-Lloyd Lanka (Pvt) Ltd Shipping & Cargo Logistics (Pvt) Ltd	Specified undertaking providing freight forwarding, transshipment operations or provision of service to a foreign ship operator	14%	30%
Ace Container Repair (Pvt) Ltd	Specified undertaking providing any service of ship repair, ship breaking repair and refurbishment of marine cargo containers	14%	30%
Logilink (Pvt) Ltd	Specified undertaking providing logistic services such as bonded warehouse or multi-country consolidation in Sri Lanka	14%	30%
Aitken Spence Power Ltd Elgin Hydropower (Pvt) Ltd Waltrim Hydropower (Pvt) Ltd	Gains and profits from the supply of electricity using renewable energy resources	14%	30%
CINEC Campus (Pvt) Ltd Mercantile Seaman Training Institute Ltd	Gains and profits from educational services	14%	30%
Elpitiya Plantations PLC	Gains and profits from agro processing Gains and profits from the supply of electricity using renewable energy resources	14%	30%
Spence Seahorse Marine (Pvt) Ltd	Specified undertaking providing bunkering services for the supply of marine fuel	14%	30%
Aitken Spence Printing & Packaging (Pvt) Ltd Aitken Spence Exports (Pvt) Ltd	Gains and profits from Manufacturing	18%	30%
Hospital Management Melsta (Pvt) Ltd Melsta Hospitals Ragama (Pvt) Ltd Melsta Laboratories (Pvt) Ltd	Gains and profits from Healthcare Services	14%	30%
Texpro Industries Limited	Company is taxed under a concessionary rate of 12% originally. However, as the Inland Revenue Amendment Act No 10 of 2021 which has been legislated, the new tax rate is 14%.	14%	30%

# NOTES TO THE FINANCIAL STATEMENTS

## 12.2.3 Companies incorporated in Sri Lanka and operating outside Sri Lanka

Company	Countries Operated	Tax Status
Aitken Spence Global Operations (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Hotels International (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Maldives, Oman	Business profits arising in Oman is liable to tax at 15% and income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Ports International Ltd	Mozambique, Fiji	Income derived from Mozambique and Fiji are subject to withholding tax at 15% and 20% respectively.

Profits and income referred to above are exempt from income tax in Sri Lanka as per the Inland Revenue Act No. 24 of 2017 and its amendments thereto

## 12.2.4 Overseas Operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to the respective companies. Set out below are the Income tax rates applicable for the companies in the relevant foreign jurisdictions.

Country	Company	Income Tax Rate
British Virgin Islands	Crest Star (B.V.I.) Ltd	Nil
Oman	Aitken Spence Resorts (Middle East) LLC	15%
Maldives	Ace Aviation Services Maldives Pvt Ltd	15%
	Ace Resorts Pvt Ltd	15%
	A.D.S. Resorts Pvt Ltd	15%
	Cowrie Investment Pvt Ltd	15%
	Interlifts International Pvt Ltd	15%
	Jetan Travel Services Company Pvt Ltd	15%
	Spence Maldives Pvt Ltd	15%
	Unique Resorts Pvt Ltd	15%
Fiji	Fiji Ports Terminal Ltd	20%
	Fiji Ports Corporation Ltd	20%
	Fiji Ships Heavy Industries Ltd	20%
	Serendib Investments Ltd	20%
Myanmar	Aitken Spence Travels Myanmar Ltd	25%
	Ace Aviation Myanmar Ltd	25%
India	Aitken Spence Hotel Services Pvt Ltd	25.17%
	PR Holiday Homes Pvt Ltd	25.17%
	Aitken Spence Hotel Managements (South India) Pvt Ltd	25.17%
Bangladesh	Ace Bangladesh Ltd	35%

- Dividends paid by companies registered in the Maldives is subject to withholding tax of 10% as per provisions of the Maldives Income Tax Act and the regulations issued thereto.
- Dividends remitted to Sri Lanka from the above companies are exempt from income tax under the third schedule to the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

### 12.3 Surcharge Tax

The surcharge tax act No. 14 of 2022 was certified by the Speaker and published as a Supplement to Part II of the Gazette of the Democratic Socialist Republic of Sri Lanka on 8th April 2022. As per the Statement of Alternative Treatment (SoAT) issued by CA Sri Lanka on 22nd April 2022, Surcharge Tax expense which is deemed to be an expenditure for the year of assessment which commenced on 1st April 2020, is recorded as an adjustment to the opening retained earnings reported in the Statement of Changes in Equity as at 1st April 2022. Such adjustment incorporated in the Financial Statement for the current reporting period amounted to Rs.4,243 million and Rs.198 million to the Group and Company respectively. As the law imposing the surcharge tax was enacted after the previous reporting period end, the financial statement for the year ended 31st March 2023 reflects the tax that arised in consequence to the Company.

### 12.4 Tax losses

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Losses brought forward	52,916,126	50,433,655	-	-
Adjustments due to finalisation of taxes of previous year	112,677	1,368,234	-	-
Tax losses incurred during the year	14,857,049	7,972,100	-	-
Losses utilised	(7,674,693)	(6,722,332)	-	-
Write off of unclaimable tax losses	(197,027)	(135,531)	-	-
Loss carried forward	60,014,132	52,916,126	-	-

## 13 Earnings per share

### 13.1 Basic earnings per share

Basic earnings per share has been calculated by dividing the profit attributable to ordinary share holders of the Group/Company by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31 March,	Group		Company	
	2023	2022	2023	2022
Profit attributable to equity holders of the company (Rs.'000)	17,222,179	10,969,116	5,378,346	7,141,221
Weighted average numbers of ordinary shares (000)	1,165,397,072	1,165,397,614	1,165,397,072	1,165,397,614
Basic earnings per share (Rs.)	14.78	9.41	4.62	6.13

### 13.2 Diluted earnings per share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, diluted Earnings per Share is same as Basic Earnings per Share shown above.

## 14 Dividend per share

### 14.1 Equity dividend on ordinary shares proposed and paid during the year

For the year ended 31 March,	Company			
	2023		2022	
	Per share Rs.	Total Rs.'000	Per share Rs.	Total Rs.'000
Second Interim Dividend 2020/21	-	-	2.75	3,204,845
First Interim Dividend 2021/22	-	-	2.70	3,146,572
Second interim Dividend 2021/22	-	-	2.70	3,146,572
First Interim Dividend 2022/23	2.35	2,738,683	-	-
Second Interim Dividend 2022/23	1.70	1,981,175	-	-
		4,719,858		9,497,989

# NOTES TO THE FINANCIAL STATEMENTS

## 15 Property, plant and equipment

	Note	Cost or valuation									
		At the beginning of the year Rs.'000	Additions during the year Rs.'000	Revaluation during the year Rs.'000	Disposals / write-offs Rs.'000	Transfers Rs.'000	Classified as held for sale Rs.'000	Transferred (to)/ From Investment Properties Rs.'000	Acquisition / Disposal of Subsidiary Rs.'000	Exchange Difference Rs.'000	At the end of the year Rs.'000
<b>Freehold</b>											
Land	15.2	28,469,115	80,753	4,550,428	-	-	-	-	-	847,370	33,947,666
Land improvements		179,584	512	-	-	-	-	-	-	-	180,096
Buildings	15.2	87,783,075	217,855	64,680	(8,551)	213,182	-	345,475	1,883	5,975,467	94,593,066
Improvements to Buildings		931,453	7,698	-	-	-	-	-	-	-	939,151
Civil constructions		679,095	-	-	-	-	-	-	-	-	679,095
Plant, machinery & other equipment	15.7	46,696,783	1,610,783	-	(381,832)	325,609	(5,026)	-	2,810,761	1,638,102	52,695,180
Motor vehicles		5,989,376	320,385	-	(17,822)	3,207	-	-	-	105,077	6,400,223
Furniture, fittings & office equipment	15.7	7,641,230	150,800	-	(12,436)	-	(5,842)	-	251	412,696	8,186,699
Computer equipment & software	15.7	418,480	13,791	-	(8,274)	-	(5,359)	-	-	-	418,638
Electro mechanical equipment		300,458	-	-	-	-	-	-	-	-	300,458
Digital electronic Switches	15.7	1,624,038	208	-	(50,873)	-	-	-	-	-	1,573,373
Medical equipment	15.7	742,410	15,997	-	-	-	(46,661)	-	-	-	711,746
Network equipment	15.7	2,288,046	53,859	-	-	-	-	-	-	-	2,341,905
Towers	15.7	970,541	68,006	-	-	-	-	-	-	-	1,038,547
Customer premise equipment		3,775,221	5,072	-	-	-	-	-	-	-	3,780,293
Water projects & sanitation		86,480	10	-	-	-	-	-	-	-	86,490
Shelters and other equipment	15.7	526,578	2,947	-	-	-	-	-	-	-	529,525
FLAG project	15.7	41,505	-	-	-	-	-	-	-	-	41,505
LTE Project	15.7	2,685,742	1,185	-	(4,795)	-	-	-	-	-	2,682,132
WI-Max		232,535	-	-	-	-	-	-	-	-	232,535
Fire fighting equipment		4,883	-	-	-	-	-	-	-	-	4,883
Oil storage tanks		315	-	-	-	-	-	-	-	-	315
Vats & casks		72,918	-	-	-	-	-	-	-	-	72,918
Drums		80	-	-	-	-	-	-	-	-	80
<b>Total freehold property, plant &amp; equipment</b>		<b>192,139,941</b>	<b>2,549,861</b>	<b>4,615,108</b>	<b>(484,583)</b>	<b>541,998</b>	<b>(62,888)</b>	<b>345,475</b>	<b>2,812,895</b>	<b>8,978,712</b>	<b>211,436,519</b>
<b>Leasehold</b>											
Furniture, fittings & equipment		14,028	-	-	-	-	-	-	-	-	14,028
Immovable (JEDB/SLSPC) assets on finance lease	15.1	636,202	-	-	-	-	-	-	-	-	636,202
Leasehold improvements		2,947	-	-	(2,947)	-	-	-	-	-	-
<b>Total leasehold property, plant &amp; equipment</b>		<b>653,177</b>	<b>-</b>	<b>-</b>	<b>(2,947)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>650,230</b>
Capital work in progress	15.7	366,924	946,688	-	(8,476)	(541,998)	-	-	-	33,662	796,800
<b>Total property, plant &amp; equipment</b>		<b>193,160,042</b>	<b>3,496,549</b>	<b>4,615,108</b>	<b>(496,006)</b>	<b>-</b>	<b>(62,888)</b>	<b>345,475</b>	<b>2,812,895</b>	<b>9,012,374</b>	<b>212,883,549</b>
- Recognised under non-current											
- Recognised under current*											

The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the reporting date.

Accumulated depreciation, amortisation and impairment											Carrying value	
At the beginning of the year	Charge for the year	Revaluation during the year	Impairment during the year	Disposals / write-offs	Transferred to Investment Properties	Acquisition / Disposal of Subsidiary	Transfer to Assets Held for Sale	Exchange Difference	At the end of the year	As at 31 March 2023	As at 31 March 2022	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
-	-	-	-	-	-	-	-	-	-	33,947,666	28,469,115	
91,306	4,873	-	-	-	-	-	-	-	96,179	83,917	88,278	
19,607,739	2,680,734	(39,318)	-	(4,246)	(791)	455	-	1,279,926	23,524,499	71,068,567	68,175,336	
56,689	44,726	-	-	-	-	-	-	-	101,415	837,736	874,764	
331,125	33,955	-	-	-	-	-	-	-	365,080	314,015	347,970	
22,854,610	2,902,652	-	71,562	(357,864)	-	884,315	(1,917)	1,012,250	27,365,608	25,329,572	23,842,173	
4,445,944	392,369	-	-	(17,672)	-	-	-	78,735	4,899,376	1,500,847	1,543,432	
4,959,369	562,269	-	19,843	(11,148)	-	251	(1,966)	176,520	5,705,138	2,481,561	2,681,861	
369,965	24,286	-	220	(8,274)	-	-	(4,891)	-	381,306	37,332	48,515	
149,929	15,023	-	-	-	-	-	-	-	164,952	135,506	150,529	
1,471,283	74,641	-	78,322	(50,873)	-	-	-	-	1,573,373	-	152,755	
346,017	82,297	-	8,309	-	-	-	(30,125)	-	406,498	305,248	396,393	
2,062,136	70,457	-	209,312	-	-	-	-	-	2,341,905	-	225,910	
926,110	6,434	-	106,003	-	-	-	-	-	1,038,547	-	44,431	
3,775,221	5,072	-	-	-	-	-	-	-	3,780,293	-	-	
79,930	1,399	-	-	-	-	-	-	-	81,329	5,161	6,550	
526,578	2,855	-	92	-	-	-	-	-	529,525	-	-	
40,950	411	-	144	-	-	-	-	-	41,505	-	555	
1,990,580	224,604	-	471,743	(4,795)	-	-	-	-	2,682,132	-	695,162	
232,535	-	-	-	-	-	-	-	-	232,535	-	-	
4,660	93	-	-	-	-	-	-	-	4,753	130	223	
315	-	-	-	-	-	-	-	-	315	-	-	
69,756	411	-	-	-	-	-	-	-	70,167	2,751	3,162	
80	-	-	-	-	-	-	-	-	80	-	-	
64,392,827	7,129,561	(39,318)	965,550	(454,872)	(791)	885,021	(38,899)	2,547,431	75,386,510	136,050,009	127,747,114	
14,028	-	-	-	-	-	-	-	-	14,028	-	-	
383,512	25,044	-	-	-	-	-	-	-	408,556	227,646	252,690	
949	1,998	-	-	(2,947)	-	-	-	-	-	-	1,998	
398,489	27,042	-	-	(2,947)	-	-	-	-	422,584	227,646	254,688	
-	-	-	16,303	-	-	-	-	-	16,303	780,497	366,924	
64,791,316	7,156,603	(39,318)	981,853	(457,819)	(791)	885,021	(38,899)	2,547,431	75,825,397	137,058,152	128,368,726	
										136,492,748	127,785,816	
										565,404	582,910	
										137,058,152	128,368,726	

\* Consequent to the expiry of the short term power purchase agreement (PPA) signed between Ace Power Embilipitiya (Pvt) Ltd., a subsidiary company and the Ceylon Electricity Board (CEB) on 28th September 2022, discussions concerning an extension to the PPA are ongoing with the CEB. As the outcome of these discussions are uncertain property, plant and equipment of Ace Power Embilipitiya (Pvt) Ltd., continued to be treated under current assets.

# NOTES TO THE FINANCIAL STATEMENTS

## 15 Property, Plant and Equipment

### Cost / Valuation

Company	Motor Vehicle	Computer Equipment	Furniture and Fittings	Office Equipment	Tools Equipment	Total 2023	Total 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2022	11,550	8,497	6,344	4,246	4,362	34,999	29,404
Additions during the year	-	2,389	377	11	8	2,785	5,595
Disposals during the year		(437)	-	-	-	(437)	-
<b>Balance as at 31st March 2023</b>	<b>11,550</b>	<b>10,449</b>	<b>6,721</b>	<b>4,257</b>	<b>4,370</b>	<b>37,347</b>	<b>34,999</b>

### Accumulated Depreciation

Company	Motor Vehicle	Computer Equipment	Furniture and Fittings	Office Equipment	Tools Equipment	Total 2023	Total 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2022	8,866	6,782	3,274	2,513	451	21,886	16,097
Charged during the year	2,272	1,554	645	413	437	5,321	5,789
Depreciation of PPE disposals during the year	-	(437)	-	-	-	(437)	-
<b>Balance as at 31st March 2023</b>	<b>11,138</b>	<b>7,899</b>	<b>3,919</b>	<b>2,926</b>	<b>888</b>	<b>26,770</b>	<b>21,886</b>

### Carrying Amount

Company	Motor Vehicle	Computer Equipment	Furniture and Fittings	Office Equipment	Tools Equipment	Total 2023	Total 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31 March 2022	2,684	1,715	3,070	1,733	3,911	13,113	13,307
As at 31 March 2023	412	2,550	2,802	1,331	3,482	10,577	13,113

## 15.1 Immovable (JEDB/SLSPC) assets on finance lease

For the year ended 31 March,	2023								2022
	Unimproved lease land	Improvement to land	Other vested assets	Buildings	Plant & Machinery	Water Supply Scheme	Mini Hydro Scheme	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Capitalised value (June 1992)</b>									
Balance at the beginning of the year	5,317	15,702	151,815	29,981	420,747	3,347	9,293	636,202	636,202
Disposals/Transfer /(Out)	-	-	-	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>5,317</b>	<b>15,702</b>	<b>151,815</b>	<b>29,981</b>	<b>420,747</b>	<b>3,347</b>	<b>9,293</b>	<b>636,202</b>	<b>636,202</b>
<b>Amortisation</b>									
As at beginning of the year	2,960	15,469	151,815	29,981	170,702	3,291	9,293	383,511	356,612
Disposals/Transfer /(Out)	-	-	-	-	-	-	-	-	-
Amortisation for the year	100	233	-	-	24,655	56	-	25,044	26,899
<b>At the end of the year</b>	<b>3,060</b>	<b>15,702</b>	<b>151,815</b>	<b>29,981</b>	<b>195,357</b>	<b>3,347</b>	<b>9,293</b>	<b>408,555</b>	<b>383,511</b>
<b>Carrying amount</b>									
As at beginning of the year	2,357	233	-	-	250,044	56	-	252,691	279,590
<b>As at the end of the year</b>	<b>2,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225,390</b>	<b>-</b>	<b>-</b>	<b>227,647</b>	<b>252,691</b>

These assets are being amortised in equal annual amounts over the following periods.

Mature plantations-Tea	30 years
Unimproved Land	53 Years
Plant &Machinery	20 Years
Buildings	25 years
Water supply scheme	30 Years
Mini hydro Scheme	10 Years

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to 18 June 1992. For this purpose, the Board of Directors of the Company decided, that these assets be stated at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the Statement of Financial Position as at 18 June, 1992.

# NOTES TO THE FINANCIAL STATEMENTS

## 15.2 Revaluation of Land and Buildings

### 15.2.1 Details of land and building stated at valuation

#### Distilleries Company of Sri Lanka PLC

A Valuation of freehold Lands and Buildings of Distilleries Company of Sri Lanka PLC was carried out by incorporated valuer Mr. S. Sivaskanthan as at 31st March 2019 using "Comparable market value" method and incorporated in the financial statements of the company. The surplus on revaluation of Land and Buildings has been credited to the revaluation reserve while loss has been charged to Profit and Loss. The directors of the Company are of the view that carrying amounts of these lands and buildings have not changed significantly compared to the fair value as at 31st March 2019.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No.18,Sri Saddatissa Road , Kaluhara North, Kaluthara	37,500	-	-	1A - 0R - 23P	-	Estimated price per perch	-	200000- 205000	-	Positively correlated sensitivity
No.375/1 -2, Dutugamunu Mawatha, Mawilmada, Kandy	52,910	34,916	-	2A	-	Estimated price per perch	-	150000- 170000	-	Positively correlated sensitivity
No.35/12, Bandarawaththa Road, Seeduwa.	1,379,646	1,706,954	15	15A - 2R - 17P	184,377	Estimated price per perch	Estimated price per Square feet	540000- 560000	8000- 10000	Positively correlated sensitivity
No.65/84, Distillery Road, Seeduwa.	494,582	226,564	22	5A - 2R - 15.10P	100,611	Estimated price per perch	Estimated price per Square feet	540000- 560000	1500-3000	Positively correlated sensitivity
No.35/13, Distillery Road, Seeduwa.	10,855	-	-	0A - 0R - 16.7P	-	Estimated price per perch	-	625000- 675000	-	Positively correlated sensitivity
No.35/13B, Distillery Road, Seeduwa.	10,020	-	-	0A - 0R - 16.7P	-	Estimated price per perch	-	575000- 625000	-	Positively correlated sensitivity
No.37/8A, Distillery Road, Seeduwa.	9,604	-	-	0A - 0R - 13.25P	-	Estimated price per perch	-	700000- 750000	-	Positively correlated sensitivity
No.37/20A, Distillery Road, Seeduwa.	5,200	-	-	0A - 0R - 8P	-	Estimated price per perch	-	640000- 660000	-	Positively correlated sensitivity
Hatton - Norwood Road,Dickoya	-	115,935	4	-	18,286	Estimated price per perch	Estimated price per Square feet	-	5500- 7500	Positively correlated sensitivity
1st Lane, New Nuge Road, Peliyagoda.	-	55,300	4	-	15,406	Estimated price per perch	Estimated price per Square feet	-	2000- 4000	Positively correlated sensitivity

### Texpro Industries Limited

A valuation of freehold Land and Building of the Company was carried out by incorporated valuer Mr. K. Arthur Perera by using “Market Comparable” method and incorporated in the financial statements of the company. Market comparable method considers the selling price of a similar property within a reasonable period of time in determining the fair value of the property revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustment for differences in size, nature, location and condition of the specific property. In this process, outlier transaction, indicative of particularly motivated buyers or sellers are compensated for, since the price may not adequately reflect the fair market value.

Location	Land Extent	Building Area	No of Buildings	Revalued Amount Rs.'000
Avissawella road, Embulgama, Ranala	6A-0R-6.05P	106,733 sq.ft	5	747,357

### Melstacorp PLC

Free hold Land and Building of the company were revalued by Mr. S. Sivakantha, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2023 on “contractor’s Principle Basis” and incorporated in the financial statements of the company. The surplus on revaluation credited to revaluation reserve while loss has been charged to Profit and Loss in the consolidated financial statements. As these assets are leased out among subsidiaries, the company has classified these properties as investment properties.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 140/1, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	14,800	-	-	0A-0R- 19.75P		Estimated price per perch	-	700,000- 800,000	-	Positively correlated sensitivity
No 136, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	45,488	-	-	1A-1R- 24.72P		Estimated price per perch	-	750,000- 850,000	-	Positively correlated sensitivity
No 16 & 18, Bandarawatta Road, Seeduwa.	112,200	-	-	0A-2R- 22P		Estimated price per perch	-	1,000,000- 1,200,000	-	Positively correlated sensitivity
Residential Premises at Medagama Road, Welikamulla, Badulla	18,996	1,854	1	0A-3R- 37.20P	1,522 sq.ft	Estimated price per perch	Construction cost per Square feet	115,000- 130,000	2,500- 7,500	Positively correlated sensitivity
Industrial Premises at Seed Station Road, Nawalayathanna, Katugastota	29,574	64,527	8	0A-2R- 27.54P	13,214.5 sq.ft	Estimated price per perch	Depreciated construction cost	275,000	3,500- 8,000	Positively correlated sensitivity
Industrial Premises at Seed Station Road, Nawalayathanna, Katugastota	204,440	161,160	8	4A-3R- 44.16P	34,050 sq.ft	Estimated price per perch	Depreciated construction cost	250,000- 275,000	3,500- 8,000	Positively correlated sensitivity

# NOTES TO THE FINANCIAL STATEMENTS

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
Commercial premises at Dambulla road, Muththetugala, Kurunegala.	98,100	45,350	2	0A-2R-29P	10,122.5 sq.ft	Estimated price per perch	Depreciated construction cost	850,000-950,000	2,500-7,800	Positively correlated sensitivity
No 165, Harichandra Mawatha, Anuradhapura.	84,810	67,440	3	0A-3R-21.35P	11,301 sq.ft	Estimated price per perch	Construction cost per Square feet	550,000-650,000	4,500-7,500	Positively correlated sensitivity
No 152, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	38,970	102,523	2	1R-3.3P	18,920 sq.ft	Estimated price per perch	Depreciated construction cost	850,000-950,000	4,750-7,250	Positively correlated sensitivity
No 152/2, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	8,000	12,600	1	10P	1,975 sq.ft	Estimated price per perch	Depreciated construction cost	750,000-850,000	6,250-8,650	Positively correlated sensitivity
No 59, Distilleries Road, Bandarawatta, Seeduwa.	24,050	3,650	1	24.05P	980 sq.ft	Estimated price per perch	Depreciated construction cost	900,000-1,100,000	3,000-5,000	Positively correlated sensitivity
No 61 & 61/1 Distilleries Road, Bandarawatta, Seeduwa.	13,497	12,203	1	12.27P	1,910 sq.ft	Estimated price per perch	Depreciated construction cost	1,050,000-1,150,000	6,000-7,000	Positively correlated sensitivity
No 150/1 & 150/1A, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	31,875	8,775	1	37.5P	1,625 sq.ft	Estimated price per perch	Depreciated construction cost	800,000-900,000	5,000-6,000	Positively correlated sensitivity
No 150, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	17,344	15,906	2	18.75P	2,771 sq.ft	Estimated price per perch	Depreciated construction cost	850,000-950,000	5,000-6,000	Positively correlated sensitivity
No 144, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	21,136	6,614	1	22.85P	1,470 sq.ft	Estimated price per perch	Depreciated construction cost	850,000-950,000	4,000-5,000	Positively correlated sensitivity
Factory Premises at Habarakada Road, Nawagamuwa, Ranala, Kaduwela.	240,000	179,720	1	10A-0R-0P	56,530 sq.ft	Estimated price per perch	Depreciated construction cost	120,000-170,000	3,000-4,000	Positively correlated sensitivity

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 68 & 68A, Attidiya Road, Ratmalana.	282,300	142,450	3	1A-0R-28.2P	30,113 sq.ft	Estimated price per perch	Depreciated construction cost	1,400,000-1,600,000	3,750-7,200	Positively correlated sensitivity
No 459, Wackwella Road, Kalegana, Galle.	71,225	32,275	4	0A-1R-37P	8,129 sq.ft	Estimated price per perch	Depreciated construction cost	925,000-975,000	5,750-7,500	Positively correlated sensitivity
Industrial Premises at Galle Road, Beruwala.	293,663	126,937	8	2A-1R-19.08P	15,279 sq.ft	Estimated price per perch	Depreciated replacement cost	600,000-900,000	4500-14500	Positively correlated sensitivity
No 823 & 823/1-4 Srimavo Bandaranayake Mawatha, Colombo 14.	1,028,775	250,025	6	2A-1R-14.10P	86,500 sq.ft	Estimated price per perch	Depreciated replacement cost	2,500,000-3,000,000	2500-6000	Positively correlated sensitivity
No 161, 161A & 161B, Tangalle Road, Ambalantota.	41,062	37,938	8	0A-1R-24.16P	7,657 sq.ft	Estimated price per perch	Construction cost per Square feet	600,000-700,000	4,400-7,500	Positively correlated sensitivity
Gampaha Road, Udugampola	151,368	75,232	2	1A-3R-35.35P	18,124 sq.ft	Estimated price per perch	Estimated price per Square feet	450,000-550,000	6,750-7,250	Positively correlated sensitivity

#### Melsta Properties (Pvt) Ltd

Free hold Land and Building of the company were revalued by Mr. S. Sivaskantha, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2023 on "contractor's Principle Basis" and incorporated in the financial statements of the company. In this valuation technique, the valuer has used the contractors cost method as a reference price to value properties. The surplus on revaluation credited to revaluation reserve while loss has been charged to profit and loss.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 110, Norris Canal Road, Colombo 10.	2,797,600	183,150	2	1A-1R-15.20P	30,000 sq.ft	Estimated price per perch	Depreciated replacement cost	12,000,000-14,000,000	7,500-11,500	Positively correlated sensitivity
No 133, Temple Road, Deshashtra, Kaluthara	249,151	168,018	21	04A - 00R -33.38P	60,810 sq.ft	Estimated price per perch	Depreciated replacement cost	350,000-450,000	2,000-3,000	Positively correlated sensitivity
No 69/1, Rajapaksha Broadway, Negombo	189,063	43,890	3	0A - 1R - 28.75P	8,576 sq.ft	Estimated price per perch	Depreciated replacement cost	2,500,000-3,000,000	6,250-7,750	Positively correlated sensitivity

# NOTES TO THE FINANCIAL STATEMENTS

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 68/1, Saravanai Road, Batticola.	196,416	30,656	3	3A – 0R – 11.04P	8,542.5 sq.ft	Estimated price per perch	Depreciated replacement cost	350,000- 450,000	5,650- 6,250	Positively correlated sensitivity
No 87, Station Road, Vavunia	153,690	75,740	5	0A – 3R – 33.69P	12,300 sq.ft	Estimated price per perch	Depreciated replacement cost	950,000- 1,050,000	3,250- 6,500	Positively correlated sensitivity
No 41, Old Ferry Road, Deshashtra, Kaluthara	86,814	50,220	11	01A – 1R – 04.27P	22,686 sq.ft	Estimated price per perch	Depreciated replacement cost	400,000- 450,000	2,000- 4,000	Positively correlated sensitivity
No 156, Orr's Hill Road, Trincomalee.	59,010	27,272	4	0A – 1R – 38.68P	5,168.25 sq.ft	Estimated price per perch	Depreciated replacement cost	700,000- 800,000	4,750- 8,500	Positively correlated sensitivity
No 215/9, Jayamalapura, Nawalapitiya, Gampola.	99,250	45,483	4	0A - 3R- 38.8P	7,737 sq.ft	Estimated price per perch	Depreciated replacement cost	600,000- 650,000	6,000- 7,750	Positively correlated sensitivity
No 118, 120, Kunupallela Road, Badulla.	88,640	26,947	10	0A - 2R - 08.67P	9,950 sq.ft	Estimated price per perch	Depreciated replacement cost	950,000- 1,050,000	2,000- 7,800	Positively correlated sensitivity
Dummalakotuva, Kurunegala Road, Dankotuva.	79,600	5,177	3	02A - 02R – 05.0P	8,083.5 sq.ft	Estimated price per perch	Depreciated replacement cost	150,000- 250,000	500- 4,750	Positively correlated sensitivity
Teak Store Warehouse, Palathota, Kaluthara South.	42,416	22,024	12	01A OR 32.8P	15,551 sq.ft	Estimated price per perch	Depreciated replacement cost	200,000- 250,000	4,000- 8,930	Positively correlated sensitivity
Mirishena Warehouse, Eathanamadala Road, Kaluthara North.	63,336	20,599	10	01A - 02R – 23.90P	10,335 sq.ft	Estimated price per perch	Depreciated replacement cost	200,000- 300,000	4,000- 8,750	Positively correlated sensitivity
No 7/11, Kandy Road, Kaithadi.	49,755	-	-	2A - 0R - 11.70P	-	Estimated price per perch	-	100,000- 200,000	-	Positively correlated sensitivity
No 150, Coastal Road, Thalwila, Marawila.	38,400	-	-	02A - 00R – 00.0P	-	Estimated price per perch	-	100,000- 150,000	-	Positively correlated sensitivity
No 669, Beach Road, Gurunagar, Jaffna.	40,291	-	-	1A – 0R – 21.67P	-	Estimated price per perch	-	180,000- 250,000	-	Positively correlated sensitivity
No 125, Norwood Road, Dickoya.	19,051	-	-	0A - 3R-9.60P	-	Estimated price per perch	-	100,000- 150,000	-	Positively correlated sensitivity

### Browns Beach Hotel PLC

Free hold land of the of the company was revalued by Mr. K.C.B Condegama (A.I.V. Sri Lanka) an independent professional valuer on 31st March 2021 on "Current Fair Value Market Value" as at the 31st March 2021 has been credited to the revaluation reserve.

Location	Land Extent	Building Area	No of Buildings	Revalued Amount Rs.'000
No. 175 Lewis Place, Negombo	1027.73	43,422.40	4	1,100,000

### Melsta Hospitals Ragama (Pvt) Ltd

The fair value of the land and buildings were determined by an external independent property valuer, having appropriate recognised professional qualifications and experience in the category of the property being valued. The valuer has used the cost approach where the current construction cost of similar properties have been considered in determining the fair values.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 110, Norris Canal Road, Colombo 10.	653,310	951,690	8	1A – 1R – 17.77P	55,413 sq.ft	Estimated price per perch	Depreciated replacement cost	1,300,000	7,500- 11,500	Positively correlated sensitivity

### Madulsima Plantations PLC

The fair value of the Building was determined by an external independent property valuer, having appropriate recognised professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property.

Location (Region)	Estate	Revalued Amount	No of Buildings	Significant Unobservable Inputs	Range of Estimates for unobservable inputs( Estimated Price per sq.ft)	Sensitivity of fair value to unobservable inputs
Madulsima	Battawatte	50,669,373	552	Estimated Replacement cost per Sq.Ft.	850-3,500	Positively correlated sensitivity
Metigahatenne	Cocogalla	49,419,438	303	Estimated Replacement cost per Sq.Ft.	850-4,500	Positively correlated sensitivity
Madulsima	Galloola	40,692,764	260	Estimated Replacement cost per Sq.Ft.	500-4,500	Positively correlated sensitivity
Madulsima	Mahadowa	84,413,345	737	Estimated Replacement cost per Sq.Ft.	800-3,000	Positively correlated sensitivity
Madulsima	Uvakellie	12,144,942	303	Estimated Replacement cost per Sq.Ft.	850-2,850	Positively correlated sensitivity
Madulsima	Verellapatna	71,839,795	438	Estimated Replacement cost per Sq.Ft.	850-3,250	Positively correlated sensitivity
Passara	El Teb	72,475,733	1030	Estimated Replacement cost per Sq.Ft.	1,200-3,500	Positively correlated sensitivity
Pitamaruawa	Roeberry	76,127,258	918	Estimated Replacement cost per Sq.Ft.	1,200-3,000	Positively correlated sensitivity

# NOTES TO THE FINANCIAL STATEMENTS

Location (Region)	Estate	Revalued Amount	No of Buildings	Significant Unobservable Inputs	Range of Estimates for unobservable inputs( Estimated Price per sq.ft)	Sensitivity of fair value to unobservable inputs
Bogawantalawa	Kew	52,044,665	613	Estimated Replacement cost per Sq.Ft.	1,800-4,000	Positively correlated sensitivity
Bogawantalawa	Kirkoswald	132,483,547	1182	Estimated Replacement cost per Sq.Ft.	500-4,000	Positively correlated sensitivity
Bogawantalawa	Theresia	51,740,490	639	Estimated Replacement cost per Sq.Ft.	850-3,500	Positively correlated sensitivity
Norwood	Venture	77,131,361	572	Estimated Replacement cost per Sq.Ft.	750-3,750	Positively correlated sensitivity
Badulla	Head Office	6,361,215	2	Estimated Replacement cost per Sq.Ft.	1,820-1,840	Positively correlated sensitivity

## Balangoda Plantations PLC

Buildings of the Company are stated based on a valuation performed by Mr.W.M Chandrasena, R I C S ( Sri Lanka) an external, independent Chartered Valuer, as at 31 December 2020 using “Depreciation Replacement Cost” method. The details of which are as follows,

Region	Estate	Location	Valuation of Building Rs.	No of Buildings	Extent Building (Sq. Ft)	Significant Unobservable Inputs	Range of estimates for unobservable inputs	Significant Unobservable Inputs
Rathnapura	Galatura	Galatura Estate, Kiriella	37,745,247.00	25	46,592	Estimated replacement cost of a Sq., Ft. adjusted for wear and tear	Rs.700-8,000	Positively correlated sensitivity
Rathnapura	Mahawela	Mahawela Estate, Ratnapura	74,477,382.00	43	89,433	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.500-7,000	Positively correlated sensitivity
Rathnapura	Mutwagalla	Mutwagalla Estate, Kiriella	31,203,476.00	32	43,819	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700-4,000	Positively correlated sensitivity
Rathnapura	Millawitiya	Millawitiya Estate, Ratnapura	9,957,537.00	14	16,686	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.600-2,700	Positively correlated sensitivity

Region	Estate	Location	Valuation of Building Rs.	No of Buildings	Extent Building (Sq. Ft)	Significant Unobservable Inputs	Range of estimates for unobservable inputs	Significant Unobservable Inputs
Rathnapura	Palmgarden	Palmgarden Estate, Ratnapura	110,875,107.00	46	147,912	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700- 3,000	Positively correlated sensitivity
Rathnapura	Rambukkande	Rambukkande Estate, Ratnapura	43,834,853.00	27	44,096	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.850-7,500	Positively correlated sensitivity
Balangoda	Balangoda	Balangoda Estate, Balangoda	79,218,183.00	48	102,313	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	RS.1,000-3,500	Positively correlated sensitivity
Balangoda	Cecilton	Cecilton Estate, Balangoda	58,993,489.00	24	67,151	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.750-3,250	Positively correlated sensitivity
Balangoda	Meddakande	Meddakande Estate, Balangoda	56,816,688.00	37	79,985	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	RS.700-3,000	Positively correlated sensitivity
Balangoda	Non Pareil	Non Pareil Estate, Belihuloya	43,912,253.00	35	67,082	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.750-4,500	Positively correlated sensitivity
Balangoda	Pettiagalla	Pettiagalla Estate, Balangoda	43,744,195.00	22	52,145	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,000-3,250	Positively correlated sensitivity
Balangoda	Rasagalla	Rasagalla Estate , Balangoda	79,677,335.00	45	100,200	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.750-3,000	Positively correlated sensitivity
Balangoda	Rye/Wikilliya	Rye/Wikiliya Estate, Balangoda	20,929,730.00	27	40,004	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,000-3,000	Positively correlated sensitivity

# NOTES TO THE FINANCIAL STATEMENTS

Region	Estate	Location	Valuation of Building Rs.	No of Buildings	Extent Building (Sq. Ft)	Significant Unobservable Inputs	Range of estimates for unobservable inputs	Significant Unobservable Inputs
Balangoda	Walaboda	Walaboda Estate, Balangoda	9,292,262.00	10	12,309	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,000-3,500	Positively correlated sensitivity
Badulla	Cullen	Cullen Estate, Badulla	16,517,553.00	22	24,480	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.600-4,500	Positively correlated sensitivity
Badulla	Gowerakelle	Gowerakelle Estate, Badulla	14,140,849.00	20	27,709	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,500-2,500	Positively correlated sensitivity
Badulla	Glen Alpin	Glen Alpin Estate, Badulla	106,126,463.00	61	129,968	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.600-3,000	Positively correlated sensitivity
Badulla	Spring Valley	Spring Valley Estate, Badulla	148,483,262.00	76	193,989	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.500-3,500	Positively correlated sensitivity
Badulla	Telbedde	Telbedde Estate, Badulla	106,482,761.00	80	151,870	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700-3,000	Positively correlated sensitivity
Badulla	Ury	Ury Estate, Badulla	105,888,553.00	52	136,174	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700-3,500	Positively correlated sensitivity
Badulla	Wewesse	Wewesse Estate, Badulla	69,141,986.00	43	91,390	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.500-3,200	Positively correlated sensitivity

## Aitken Spence PLC

Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs) Rs.	Extent	Carrying amount as at 31.03.2023 Rs.'000	Revaluation surplus Rs.'000	Carrying amount at cost Rs.'000
Aitken Spence PLC (a)	315, Vauxhall Street, Colombo 02	31.12.2022	12,500,000	1 A 0 R 12.78 P	2,154,224	2,153,067	1,157
	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2022	4,250,000	1 A 0 R 20.37 P	747,028	742,037	4,991
	170, Sri Wickrema Mw., Colombo 15	10.12.2022	1,500,000	3 A 3 R 31.00 P	942,350	899,389	42,961
	Moragalla, Beruwala	13.12.2022	475,000	10 A 1 R 23.97 P	790,000	789,046	954
	290/1, Inner Harbour Road, Trincomalee	17.10.2022	525,000	0 A 1 R 4.95 P	23,500	23,500	-
Ace Containers (Pvt) Ltd (a)	775/5, Negombo Road, Wattala	22.12.2022	625,000	22 A 0 R 24.88 P	2,215,500	2,120,947	94,553
	385, Colombo Road, Welisara	22.12.2022	725,000	8 A 3 R 12.23 P	1,023,000	936,327	86,673
	No.377, Negombo Road, Welisara, Ragama	22.12.2022	750,000	1 A 1 R 17.80 P	163,000	75,935	87,065
Ace Distriparks (Pvt) Ltd (a)	80, Negombo Road, Wattala	22.12.2022	1,750,000	2 A 2 R 17.03 P	729,800	360,238	369,562
Ahungalla Resorts Ltd (a)	Ahungalla Resorts, Galle Road, Ahungalla	24.12.2022	523,500 - 600,000	12 A 3 R 35.21 P	1,113,500	213,623	899,877
Aitken Spence (Garments) Ltd (a)	222, Agalawatte Road, Matugama	20.12.2022	125,000	2 A 3 R 0 P	55,000	49,840	5,160
Aitken Spence Hotel Holdings PLC (a)	Heritage Ahungalla, Galle Road, Ahungalla	24.12.2022	475,000	11 A 3 R 34.02 P	825,000	806,798	18,202
	Heritage Ahungalla, Galle Road, Ahungalla	24.12.2022	475,000	0 A 0 R 39.26 P	18,500	13,293	5,207
Aitken Spence Hotel Managements (South India) Ltd (b)	144/7, Rajiv Gandhi Salai, Kottivakkam, OMR, Chennai, India	11.11.2022	14,000,000	0 A 3 R 15.14 P	1,887,670	839,700	1,047,970
Aitken Spence Property Developments Ltd (a)	90, St.Rita's Estate, Mawaramandiya	14.12.2022	325,000	3 A 0 R 25.08 P	164,000	139,572	24,428
Aitken Spence Resorts (Middle East) LLC (c)	Al Hamriya, Sultanate of Oman	15.02.2022	8,000,000	5 A 0 R 8.00 P	6,498,396	785,966	5,712,430
Branford Hydropower (Pvt) Ltd (a)	225, Gangabada Road, Kaludawela, Matale	08.10.2022	60,000	2 A 0 R 14.00 P	20,000	9,467	10,533
Clark Spence and Company (Pvt) Ltd (a)	24-24/1, Church Street, Galle	20.12.2022	5,500,000	0 A 1 R 27.90 P	373,450	373,415	35

# NOTES TO THE FINANCIAL STATEMENTS

Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs) Rs.	Extent	Carrying amount as at 31.03.2023 Rs.'000	Revaluation surplus Rs.'000	Carrying amount at cost Rs.'000
Heritage (Pvt) Ltd (a)	Moragalla, Beruwala	13.12.2022	375,000	5 A 3 R 6.80 P	347,500	336,420	11,080
Kandalama Hotels Ltd (a)	Kandalama, Dambulla	18.10.2022	370	169 A 2 R 22.00 P	10,000	2,616	7,384
Logilink (Pvt) Ltd (a)	309/4 a, Negombo Road, Welisara	22.12.2022	525,000	2 A 1 R 9.50 P	193,500	111,009	82,491
Meeraladuwa (Pvt) Ltd (a)	Meeraladuwa Island, Balapitiya	27.12.2022	43,500 - 86,500	29 A 2 R 9.00 P	226,350	126,088	100,262
Neptune Ayurvedic Village (Pvt) Ltd (a)	Ayurvedic village - Moragalla, Beruwala	13.12.2022	252,000	0 A 0 R 19.30 P	4,860	796	4,064
Perumbalam Resorts (Pvt) Ltd (d)	Cochin - Kerala, India	22.01.2023	176,000	4 A 0 R 9.00 P	114,265	96,852	17,413
PR Holiday Homes (Pvt) Ltd (d)	Cochin - Kerala, India	23.01.2023	182,000	14 A 0 R 7.52 P	409,457	188,668	220,789
Turyaa (Pvt) Ltd (a)	418, Parallel Road, Kudawaskaduwa, Kalutara	13.12.2022	550,000	5 A 1R 37.90 P	440,000	420,235	19,765
	49, Sea Beach Road, Kalutara	13.12.2022	700,000	0 A 1R 30.32 P	39,775	38,287	1,488
Turyaa Resorts (Pvt) Ltd (a)	Kudawaskaduwa, Kalutara	13.12.2022	550,000	1 A 3 R 33.20 P	172,000	115,221	56,779
	Kudawaskaduwa, Kalutara	13.12.2022	550,000	0 A 1 R 34.30 P	40,000	30,826	9,174
Vauxhall Investments Ltd (a)	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2022	4,250,000	0 A 1 R 21.08 P	252,972	231,133	21,839
Vauxhall Property Developments Ltd (a)	305, Vauxhall Street, Colombo 02	31.12.2022	12,500,000	0 A 2 R 24.73 P	1,305,776	1,291,045	14,731
					23,300,373	14,321,356	8,979,017

The above lands have been revalued on the basis of current market value by independent, qualified valuers who have recent experience in the location and category of property being valued.

- a Valuation of the land was carried out by Mr. K.C.B Condegama, F.I.V (Sri Lanka).
- b Valuation of the land was carried out by CBRE South Asia Pvt. Ltd, India.
- c Valuation of the land was carried out by R. Tulsian Global, Oman.
- d Valuation of the land was carried out by Mr. T.T. Kripananda Singh, B.Sc.(Engg.) Civil, FIE, FIV, C.(Engg.) (India).

### Melsta Logistics (Pvt) Ltd

Free hold Land and Building of the company were revalued by Mr. S. Sivaskantha, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2023 on "contractor's Principle Basis" and incorporated in the financial statements of the company. In this valuation technique, the valuer has used the contractors cost method as a reference price to value properties. The surplus on revaluation credited to revaluation reserve while loss has been charged to profit and loss.

Location	Revalued Amount Rs.'000	Number of Buildings	Building Area Sq.Ft.	Significant Unobservable Inputs Buildings	Range of estimates for unobservable input Per sq. ft Buildings (Rs)	Sensitivity of fair value to unobservable inputs
Seed Farm Road, Nawayalthenna, Katugastota,Kandy	345,300	5	37,547 sq.ft	Depreciated construction cost	7,500-11,500	Positively correlated sensitivity
No.160,Negombo Road, Seeduwa,	141,600	5	44,136 sq.ft	Depreciated construction cost	3,750-8,750	Positively correlated sensitivity

### 15.3 Gross carrying value of fully depreciated assets

The cost of the fully depreciated assets of the Group and the Company amounts to Rs.28,664 Mn. (Rs.25,696 Mn-2021/22) and Rs.15.5 Mn (Rs.9.7 Mn-2021/22) respectively as at reporting date.

### 15.4 Property plant and equipment that have been pledged

The property plant and equipment that are pledged for long term borrowings are disclosed in Note 43 to these financial statements.

### 15.5 Land carried at cost (fair value)

Company	Location	Acquisition date	Extent	Carrying amount as at 31.03.2023 Rs.'000
Kandalam Hotels Ltd	Kandalama, Dambulla	17.11.2022	13 A 3 R 38.00 P	48,122
Aitken Spence Property Developments Ltd	St.Rita's Estate, Mawaramandiya	15.11.2018	1 A 0 R 0.00 P	54,239
				102,361

Above land which were acquired within the last five years have not been revalued since the acquisition cost represents the fair value.

### 15.6 Borrowing cost - capitalised

Borrowing cost capitalised during the year is disclosed in Note 31 to these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 15.7 Provision for impairment of Property, plant and equipment

### (a) Hospital Management Melsta (Private) Limited

As disclosed in note 20.8 to these financial statements, operations of the Company has been discontinued with effect from 31st March 2023. As a result, immovable fixed assets at hospital premises were assessed for impairment as at 31st March 2023. Below list indicates the line items within the Group's Property, Plant and Equipment to which the provision for impairment is attributed.

Description	Impairment amount Rs.'000
Plant, machinery and other equipment	4,603
Furniture, fittings & office equipment	3,984
Computer equipment & software	220
Medical equipment	8,309
	17,116

Since, these assets are immovable and the operations of "Joseph Fraser Memorial Hospital" was discontinued, no recoverable value was assessed for these assets.

### (b) Lanka Bell Limited

Lanka Bell Limited is a fully owned subsidiary of Milford Holdings (Private) Limited. Considering the continuous losses, obsolescence of technology and rapid decline in operations and consequent to the termination of External Gateway License during the year ended 31st March 2023, the Board of Directors of Lanka Bell Limited assessed its Property, Plant and Equipment for impairment as at 31st March 2023. As such, following provisions for impairment were recognised in the financial statements as at 31st March 2023.

Description	Impairment amount Rs.'000
Plant, machinery and other equipment	149
Furniture, fittings & office equipment	15,859
Digital electronic Switches	78,322
Network equipment	209,312
Towers	106,003
Shelters and other equipment	92
FLAG project	144
LTE Project	471,743
Capital work in progress	16,303
	897,927

Considering the current technological advancements and age of equipment owned by the company, the Board of directors assessed the recoverable value of these assets as zero.

### (c) Texpro Industries Limited

Texpro Industries Limited which is a fully owned subsidiary of Timpex (Private) Limited operates in the business of textile printing. Adverse fluctuations of exchange rates has resulted in a significant reduction of sales orders during the year ended 31st March 2023. Additionally, technological advancement has resulted in low cost competitors entering into the textile printing business. Considering these factors, the Board of Directors of the Group assessed impairment of plant, machinery and other equipment in Texpro Industries Limited.

This assessment has resulted in following provision for impairment being recognised in the financial statements as at 31st March 2023.

Description	Impairment amount Rs.'000
Plant, machinery & other equipment	66,810
	66,810

Since, the technological changes are not in favour of the plant, machinery and equipment owned by Texpro Industries Limited, no recoverable value was assigned to these assets.

## 16 Intangible assets

For the year ended 31 March,	Group							
	2023							2022
	License fees	FLAG cable	Software cost and implementation	Software cost and implementation (WIP)	Goodwill on acquisition (Note 16.3)	Other	Total	Total
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cost/carrying value</b>								
Balance at the beginning of the year	1,325,264	2,797,761	882,785	-	6,317,390	32,526	11,355,726	10,958,411
Acquisitions/(disposals) of subsidiaries during the year	-	-	-	-	331,364	-	331,364	-
Exchange Difference	-	-	23,846	-	86,924	2,404	113,174	318,358
Additions	162,002	-	8,165	6,374	-	1,330	177,871	76,460
Transferred to Assets Held for Sale	-	-	(100)	-	-	-	(100)	-
Transfers from property, plant and equipment	-	-	-	-	-	-	-	2,900
Disposals	-	-	(8,226)	-	-	-	(8,226)	(403)
<b>Balance at the end of the period</b>	<b>1,487,266</b>	<b>2,797,761</b>	<b>906,470</b>	<b>6,374</b>	<b>6,735,678</b>	<b>36,260</b>	<b>11,969,809</b>	<b>11,355,726</b>
<b>Accumulated amortisation and impairment</b>								
Balance at the beginning of the year	1,087,760	2,549,150	711,287	-	997,840	31,110	5,377,147	4,615,965
Exchange Difference	-	-	15,059	-	-	2,447	17,506	55,943
Acquisitions/(disposals) of subsidiaries during the year	-	-	-	-	-	-	-	-
Amortised during the year	102,077	29,787	67,329	-	-	1,047	200,240	351,866
Impaired during the year	297,429	218,824	39	-	-	-	516,292	352,640
Transferred to Assets Held for Sale	-	-	(90)	-	-	-	(90)	-
Transfers from property, plant and equipment	-	-	-	-	-	-	-	1,136
Disposals	-	-	(8,226)	-	-	-	(8,226)	(403)
<b>Balance at the end of the period</b>	<b>1,487,266</b>	<b>2,797,761</b>	<b>785,398</b>	<b>-</b>	<b>997,840</b>	<b>34,604</b>	<b>6,102,869</b>	<b>5,377,147</b>
<b>Carrying value</b>								
As at beginning of the year	237,504	248,611	171,498	-	5,319,550	1,416	5,978,579	6,342,446
<b>As at end of the year</b>	<b>-</b>	<b>-</b>	<b>121,072</b>	<b>6,374</b>	<b>5,737,838</b>	<b>1,656</b>	<b>5,866,940</b>	<b>5,978,579</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,	Company			
	2023			2022
	Software cost and implementation Rs.'000	Software cost and implementation (WIP) Rs.'000	Total Rs.'000	Total Rs.'000
<b>Cost/carrying value</b>				
Balance at the beginning of the year	6,358	-	6,358	5,786
Additions during the year	-	1,374	1,374	572
<b>Balance at the end of the period</b>	<b>6,358</b>	<b>1,374</b>	<b>7,732</b>	<b>6,358</b>
<b>Accumulated amortisation and impairment</b>				
Balance at the beginning of the year	5,772	-	5,772	4,011
Amortised during the year	386	-	386	1,761
<b>Balance at the end of the period</b>	<b>6,158</b>	<b>-</b>	<b>6,158</b>	<b>5,772</b>
<b>Carrying value</b>				
As at beginning of the year	586	-	586	1,775
<b>As at end of the year</b>	<b>200</b>	<b>1,374</b>	<b>1,574</b>	<b>586</b>

## 16.1 License fees

- (i) License fee represents the operator license fee of Rs. 408Mn paid as a renewal of operating licence fee and it is amortised over 10 years commencing from 1st March 2016.
- (ii) The External Gateway License fee of Rs. 102Mn is amortised over a period of 10 years, commencing from 28th February 2013.
- (iii) The Wi-Max 2365-2380 MHz License Fee of Rs. 510.2Mn was paid in 2011/12 and 2012/13 and operations commenced on 1st July 2013.

## 16.2 FLAG cable

FLAG cable represents the expenditure incurred on under sea fiber optic cable link and the landing station, which enables the Company to offer direct global connectivity and a complete end-to-end data connectivity solution. The total expenditure is amortised over the license period of 15 years on a straight line basis from August 2008.

### Provision for impairment of Intangible Assets

#### (a) Lanka Bell Limited

As disclosed in note 15.7(b) to these financial statements, the External Gateway License of the company was terminated during the year ended 31st March 2023. Consequent to this, following Intangible Assets were impaired in full as at 31st March 2023.

Description	Impairment amount Rs.'000
License fees	297,429
FLAG Cable	218,824
	516,253

### 16.3 Goodwill on acquisition

The Goodwill on acquisition represents following amounts

For the year ended 31 March,	Group	
	2023 Rs.'000	2022 Rs.'000
Diversified sector	5,665,976	5,247,688
Plantation sector	71,862	71,862
	<b>5,737,838</b>	<b>5,319,550</b>

**16.3.1** The Group has assessed the goodwill on acquisition for impairment in accordance with LKAS 36 - "Impairment of Assets" and as per the assessment no impairment was recognised during the year ended 31st March 2023 (2022: Rs. 352 Mn).

In assessing the impairment, the Group identified the components related to the Goodwill as separate cash generating units. The recoverable value of these CGUs have been calculated as follows,

#### 16.3.1.1 Diversified Sector

The recoverable amount of the components in diversified sector was determined with reference to its fair value less cost to sell in 2022/23. In determining the fair value less cost to sell, the Group has considered a combination of valuation techniques which considers the net assets values of companies within the diversified sector and market-based sector multiples of the companies operated in each sector. Key assumptions used in the calculation of the fair value less cost to sell are,

The Group does not have any commitments that would require considerable time to be fulfilled over disposal of the sector prior to a possible disposal

Costs of obtaining approvals are not material.

Non - Marketability adjustment for non-listed components within the range of 10% - 25%

Fair value measurement under this method could be classified as a level 3 valuation.

#### 16.3.1.2 Healthcare Sector

Consequent to the Group's assessment of impairment on Goodwill on Consolidation, a full provision of impairment amounting to Rs. 352.6 Mn was recognised for the Goodwill of Healthcare Sector during the year ended 31st March 2022. The recoverable value of this CGU was determined with reference to its Fair Value less cost to sell measured using the net assets value of the sub-group. Fair Value determined under this approach could be clarified as a Level-3 Fair Value measurement. In estimating the recoverable value of the Group assumed that costs related to realisation of the recoverable value as immaterial.

#### 16.3.1.3 Plantation sector

Recoverable value of plantation sector has been determined based on fair value less cost to sell calculation that considers the market values of these companies adjusted appropriately to reflect the conditions applicable to the cash generating unit. Fair value estimated under this method could be classified as a Level 3 fair value measurement. Following key assumptions were used in the estimation.

Control premium 10% - 15%

Costs related to sale of the investment is not material.  
Regulatory approvals will be granted for the transaction.

The applicable control premium has been determined based on comparable historical transactions.

# NOTES TO THE FINANCIAL STATEMENTS

## 17 Investment Property

As at 31 March,	Group				
	Land Rs.'000	Building Rs.'000	Capital Work In Progress Rs.'000	Total	
				2023 Rs.'000	2022 Rs.'000

### Valuation

Balance at the beginning of the year	6,503,778	955,833	13,803	7,473,414	6,669,705
Additions during the year	1,011	13,400	-	14,411	250,230
Change in fair value during the year	274,377	67,122	-	341,499	449,267
Transfers from/ (to) property, plant and equipment	-	(346,266)	-	(346,266)	104,212
<b>Balance at the end of the period</b>	<b>6,779,166</b>	<b>690,089</b>	<b>13,803</b>	<b>7,483,058</b>	<b>7,473,414</b>

As at 31 March,	Company			
	Land Rs.'000	Building Rs.'000	Total	
			2023 Rs.'000	2022 Rs.'000

### Cost/Valuation

Balance at the beginning of the year	5,134,600	1,451,561	6,586,161	5,462,676
Additions	-	-	-	450,318
Change in fair Value	366,654	148,139	514,793	673,167
<b>Balance at the end of the period</b>	<b>5,501,254</b>	<b>1,599,700</b>	<b>7,100,954</b>	<b>6,586,161</b>

## 17.1 Revaluation of Investment Properties

### 17.1.1 Valuation details

#### Melstacorp PLC

A valuation of investment properties of Melstacorp PLC was carried out by incorporated valuers Mr. Sivaskantha F.I.V (Sri Lanka) by using "Contractor's Principle Method" and incorporated in the financial statements of the group as at 31st March 2023.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 451, Galle Road, Kollupitiya, Colombo 03	570,640	0	-	0A-OR- 20.38P	-	Estimated price per perch		27,000,000- 29,000,000		Positively correlated sensitivity
No 146 & 146/1, Munidasa, Kumaratunga Mawatha, Bandarawatta, Seeduwa	30,948	12,252	1	0A-OR- 31.41P	1,975	Estimated price per perch		800,000- 900,000	6,000- 6,500	Positively correlated sensitivity

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No. 63, Norris Canal Road, Maradana, Colombo 10.	246,430	21,070	2	25.94P	5,642	Estimated price per perch		9,000,000-10,000,000	3,000-4,000	Positively correlated sensitivity
No.04, Alfred House Garden, Colombo 03 (Geethajalie Place)	497,500	95,750	1	0A-0R-19.9P	12,768	Estimated price per perch	Depreciated construction cost	24,000,000-26,000,000	7,000-8,000	Positively correlated sensitivity
No.453, Galle Road, Colombo 03.	993,750	30,750	1	39.75P	9,652	Estimated price per perch	Depreciated construction cost	24,000,000-26,000,000	3,000-4,000	Positively correlated sensitivity
No.20. Bandarawatte Road, Seeduwa	156,000	92,700	2	0A-1R-38P	17,332	Estimated price per perch	Depreciated construction cost	2,200,000	6,750	Positively correlated sensitivity

#### Aitken Spence PLC

The open market value of the below property was determined based on director's valuation as at 31st March 2023.

Location	Significant Unobservable Inputs	Extent	Original Cost Rs.'000	Revalued Amount Rs.'000
Irakkakandi Village, VC Road, Nilaweli	Rs.141,769/-PP	113A-1R-1P	1,631,904	1,559,322

#### Melsta Tower (Pvt) Ltd

Free hold Land and Buildings classified as investment properties of this subsidiary were revalued by Mr.S.Sivaskantha, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2023 on "contractor's Principle Basis".

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 136, Vipulasena Mw, Colombo 10.	1,009,500		-	0A-2R-38.75P	-	Estimated price per perch	-	8,000,000-9,000,000	-	Positively correlated sensitivity
No 140/1, Vipulasena Mw, Colombo 10.	129,800		-	0A-0R-15.27P	-	Estimated price per perch	-	8,000,000-9,000,000	-	Positively correlated sensitivity
No 128, Vipulasena Mw, Colombo 10.	356,150	14,378	2	0A-1R-1.90P	3255	Estimated price per perch	Depreciated construction cost	8,000,000-9,000,000	6,000-7,500	Positively correlated sensitivity
No 140, Vipulasena Mw, Colombo 10.	185,850	6,221	1	0A-0R-20.65P	1920	Estimated price per perch	Depreciated construction cost	8,500,000-9,500,000	6,000-7,500	Positively correlated sensitivity

# NOTES TO THE FINANCIAL STATEMENTS

## Balangoda Plantations PLC

Investment Property of the Company are stated based on a valuation performed by Mr.W.M Chandrasena, R I C S ( Sri Lanka) an external, independent Chartered Valuer, as at 31 December 2022 using Depreciation Replacement Cost method. The details of which are as follows

Region	Estate	Location	Revalued Amount (Rs)	Number of Buildings	Building Area	Significant Unobservable Inputs	Range of estimates for unobservable input	Significant Unobservable Inputs
			Buildings	Nos	Sq.Ft		Buildings(Rs)	
Rathnapura	Galatura	Tea Factory- Galatura Estate, Kiriella	45,984,443	5	45,060	Estimated replacement cost per Sq.Ft adjusted for wear and tear	3000-3600	Positively correlated sensitivity
Rathnapura	Mutwagalla	Tea Factory- Mutwagalla Estate, Kiriella	48,634,058	8	40,556	Estimated replacement cost per Sq.Ft adjusted for wear and tear	2300-3600	Positively correlated sensitivity
Rathnapura	Millawitiya	Tea Factory- Millawitiya Estate, Ratnapura	41,667,034	4	31,465	Estimated replacement cost per Sq.Ft adjusted for wear and tear	850-3600	Positively correlated sensitivity
Rathnapura	Palmgarden	Restaurant- Palmgarden Estate, Ratnapura	5,456,122		3,363	Estimated replacement cost per Sq.Ft adjusted for wear and tear	3600-3600	Positively correlated sensitivity
Balangoda	Rye/Wikiliya	Tea Factory- Rye/ Wikiliya Estate, Balangoda	169,635,388	19	139,052	Estimated replacement cost per Sq.Ft adjusted for wear and tear	1450-4200	Positively correlated sensitivity
Badulla	Gowerakelle	Tea Factory- Gowerakelle Estate, Badulla	68,254,247	3	37,030	Estimated replacement cost per Sq.Ft adjusted for wear and tear	3600-4300	Positively correlated sensitivity
Balangoda	Non-Perial	Holiday Bungalow-Non-Perial Estate Balangoda	9,420,043	1	4,465	Estimated replacement cost per Sq.Ft adjusted for wear and tear	5500-5500	Positively correlated sensitivity

### 17.1.2 Sensitivity of assumptions employed in investment property valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the investment property valuation.

#### Melstacorp PLC

For the year ended 31 March,	Increase/ (Decrease) in Land & Building at Melstacorp	2023			
		Land		Building	
		Sensitivity Effect on Statement of profit or loss Increase/ (Reduction) in results for the year (Rs.'000)	Sensitivity Effect on Statement on Investment Property Increase/ (Decrease) in results in the assets (Rs.'000)	Sensitivity Effect on Statement of profit or loss Increase/ (Reduction) in results for the year (Rs.'000)	Sensitivity Effect on Statement on Investment Property Increase/ (Decrease) in results in the assets (Rs.'000)
No 451, Galle Road, Kollupitiya, Colombo 03	5%	28,532	28,532	-	-
	-5%	(28,532)	(28,532)	-	-
No 146 & 146/1, Munidasa, Kumaratunga Mawatha, Bandarawatta, Seeduwa	5%	1,547	1,547	612	612
	-5%	(1,547)	(1,547)	(612)	(612)
No 63, Norris Canal Road, Maradana, Colombo 10.	5%	12,321	12,321	1,053	1,053
	-5%	(12,321)	(12,321)	(1,053)	(1,053)
No.04, Alfred House Garden, Colombo 03 (Geethajalie Place)	5%	24,875	24,875	4,787	4,787
	-5%	(24,875)	(24,875)	(4,787)	(4,787)
No.453, Galle Road, Colombo 03. (Green Cabin)	5%	49,688	49,688	1,537	1,537
	-5%	(49,688)	(49,688)	(1,537)	(1,537)
No.20, Bandarawatta Road, Seeduwa.	5%	7,800	7,800	4,635	4,635
	-5%	(7,800)	(7,800)	(4,635)	(4,635)

# NOTES TO THE FINANCIAL STATEMENTS

## Melsta Tower (Pvt) Ltd

For the year ended 31 March,	Increase/ (Decrease) in Land & Building at Melstacorp	2023			
		Sensitivity Effect on Statement of profit or loss Increase/ (Reduction) in results for the year (Rs.'000)	Sensitivity Effect on Statement on Investment Property Increase/ (Decrease) in results in the assets (Rs.'000)	Sensitivity Effect on Statement of profit or loss Increase/ (Reduction) in results for the year (Rs.'000)	Sensitivity Effect on Statement on Investment Property Increase/ (Decrease) in results in the assets (Rs.'000)
No.136, Vipulasena Mw, Colombo 10	5%	50,475	50,475	-	-
	-5%	(50,475)	(50,475)	-	-
No.128, Vipulasena Mw, Colombo 10.	5%	17,807	17,807	718	718
	-5%	(17,807)	(17,807)	(718)	(718)
No.140, Vipulasena Mw, Colombo 10.	5%	9,292	9,292	311	311
	-5%	(9,292)	(9,292)	(311)	(311)
No.140/1, Vipulasena Mw, Colombo 10.	5%	6,490	6,490	-	-
	-5%	(6,490)	(6,490)	-	-

## 18 Biological assets

As at 31 March,	Note	Group	
		2023 Rs.'000	2022 Rs.'000
Bearer biological assets	18.1	2,940,930	2,859,260
Consumer biological assets	18.2	6,917,259	6,373,610
		9,858,189	9,232,870

## 18.1 Bearer biological assets

As at 31 March,	Note	Group	
		2023 Rs.'000	2022 Rs.'000
On finance lease (JEDB/SLSPC)	18.1.1	16,183	27,368
Investments after formation of the plantation company/ in new Plantation	18.1.2	2,924,747	2,831,892
		<b>2,940,930</b>	<b>2,859,260</b>

### 18.1.1 On finance lease (JEDB/SLSPC)

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatisation of plantation estates, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to 18th June 1992. For this purpose, the Board decided at its meeting on 8th March, 1995, that these assets be stated at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company.

For the year ended 31 March,	Mature Plantations	
	2023 Total Rs.'000	2022 Total Rs.'000
<b>Cost</b>		
Balance as at the beginning of the year	417,887	417,887
Balance as at the end of the year	417,887	417,887
<b>Accumulated amortisation</b>		
Balance as at the beginning of the year	390,519	378,223
Amortisation for the year	11,185	12,296
Balance as at the end of the year	401,704	390,519
<b>Carrying amount</b>	<b>16,183</b>	<b>27,368</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 18.1.2 Investments after formation of the plantation company/ in new Plantation

For the year ended 31 March,	2023			2022
	Immature Plantations Rs.'000	Mature Plantations Rs.'000	Total Rs.'000	Total Rs.'000
<b>Cost</b>				
Balance as at the beginning of the year	2,019,133	2,468,149	4,487,282	4,312,735
Additions/ Transfers in during the year	233,079	-	233,079	248,705
Disposals/ Transfers out	(640,862)	640,835	(27)	(40,062)
Write-off during the year	(3,418)	(5,547)	(8,965)	(34,096)
Balance as at the end of the year	1,607,932	3,103,437	4,711,369	4,487,282
<b>Accumulated amortisation and impairment</b>				
Balance as at the beginning of the year	706,568	948,822	1,655,390	1,534,823
Charge for the year	-	111,034	111,034	109,356
Provision for impairment	22,066	-	22,066	14,494
Write-off During the year	-	(1,868)	(1,868)	(3,283)
Balance as at the end of the year	728,634	1,057,988	1,786,622	1,655,390
<b>Carrying amount at the end of the year</b>	<b>879,298</b>	<b>2,045,449</b>	<b>2,924,747</b>	<b>2,831,892</b>

Investments in bearer plants since the formation of the Balangoda Plantations PLC and Madulsima Plantations PLC have been classified as shown above and mainly includes tea and rubber plantations. Bearer plants are stated at cost less accumulated depreciation and impairment in accordance with LKAS 16 – “Property, plant and equipment”.

The immature plants are classified as mature plants when they are ready for commercial harvesting.

### 18.1.2.1 Impairment of bearer biological assets

The Company has performed an impairment assessment on immature biological assets and identified that some of immature plantations are non existing and / or untappable. Accordingly, the management has performed a calculation of provision for impairment on such immature fields based on the costs incurred after considering the recoverable amount of untappable trees based on fair value less cost to sell.

### 18.1.3 Produce on Bearer Biological Assets

For the year ended 31 March,	Group	
	2023 Rs.'000	2022 Rs.'000
Balance as at the beginning of the year	5,568	9,701
Change in fair value less cost to sell	12,400	(4,133)
<b>Balance as at the end of the year</b>	<b>17,968</b>	<b>5,568</b>

The volume of produce growing on bearer plants are measured using the estimated crop of the last harvesting cycle of the year as follows:

Tea – Three days crop (50% of 6 days cycle)

Rubber – One days crop (50% of 2 days cycle)

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea Commissioner's formula for bought leaf and rubber crop is fair valued using RSS prices.

### 18.2 Consumable biological assets

As at 31 March,	Group	
	2023 Rs.'000	2022 Rs.'000
Balance as at the beginning of the year	6,373,610	5,938,521
Increase due to development	37,829	29,893
Decrease due to harvest/transfer	-	(11,414)
Gain arising from changes in fair value less cost to sell	505,820	416,610
<b>Balance as at the end of the year</b>	<b>6,917,259</b>	<b>6,373,610</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 18.2.1 Information about Fair value measurements using significant unobservable inputs (Level 3)

### Balangoda Plantations PLC

The valuation of consumable biological assets was carried by Mr Chadrasena Weerasinghe, an independent Chartered Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31 December 2022 has been prepared based on the physically verified timber statistics provided by the Company. The future cash flows are determined by reference to current timber prices. The fair value measurement for the consumable biological assets has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

### Valuation techniques and significant unobservable inputs

Type Valuation	Technique Used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>Standing timber</b>	<b>Discounted cash flows</b>	<b>Determination of Timber Content</b>	
Standing timber older than 4 years.	<p>The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per- tree basis .</p> <p>Expected cash flows are discounted using a risk adjusted discount rate of 22.5% (2021: 15%)</p>	<p>Timber trees in inter-crop areas and pure crop areas have been identified field-wise and species were identified and harvestable trees were separated, according to their average girth and estimated age.</p> <p>Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.</p> <p><b>Determination of Price of Timber</b></p> <p>Trees have been valued as per the current timber prices per cubic meter based on the price list of the State Timber Corporation and prices of timber trees sold by the estates and prices of logs sawn timber at the popular timber traders in Sri Lanka.</p> <p>In this exercise, following factors have been taken into consideration.</p> <ol style="list-style-type: none"> <li>Cost of obtaining approval of felling.</li> <li>Cost of felling and cutting into logs.</li> <li>Cost of transportation.</li> <li>Sawing cost.</li> <li>Cost of sale</li> <li>Exclusion of trees located in restricted area specialised in the circular no 2019/01 dated on 6 November 2019 issued by the Ministry of Plantation Industries.</li> </ol> <p>Accordingly, prices falling within the range of Rs. 250 - 1,000 per cubic ft. has been considered in the valuation</p> <p><b>Risk-adjusted discount rate</b></p> <p>2022 - 22.5% (Risk Premium 3.5%) 2020 - 15% (Risk Premium 3.5%)</p>	<p>The estimated fair value would increase/ (decrease) if;</p> <ul style="list-style-type: none"> <li>the estimated timber content were higher/ (lower).</li> <li>the estimated timber prices per cubic meter were higher/(lower).</li> <li>the estimated selling related costs were lower/ (higher).</li> <li>the estimated maturity age were higher/(lower).</li> <li>the risk-adjusted discount rate were lower/(higher).</li> </ul>

## Madulsima Plantations PLC

The valuation of consumable biological assets was carried by Mr Weerasinghe Chadrasena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31 December 2022 has been prepared based on the physically verified timber statistics provided by the Company. The future cash flows are determined by reference to current timber prices. The fair value measurement of the consumable biological assets have been categorised as level 3 fair value based on the inputs to the valuation technique used.

### Valuation techniques and significant unobservable inputs

Non Financial Assets	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs	Relationship pf Unobservable inputs to Fair Value
Standing timber older than 4 years	<b>Discounted Cash Flow Method</b> The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree per- tree basis.	Discounting factor	22%	The higher the discount rate, the lower the fair value
		Optimum rotation (Maturity)	25-35 years	Lower the rotation period, the higher the fair value
		Volume at rotation	25-85 cu.ft	The higher the volume, the higher the fair value
		Price per cu.ft	Rs.400/- Rs.700/- per Cu.Ft	The higher the price per cu.ft, the higher the fair value
Young plants (Age less than 4 years)	<b>Cost Techniques</b> The cost techniques consider the cost of creating a comparable plantation, taking in to account the cost of infrastructure, cultivation and preparation, buying and planting young trees with an estimate profit that would apply to this activity.	Estimated cost of cultivation and preparation per hectare	Rs. 250,000 - Rs. 350,000	The estimated fair value would increase (decrease) if; The estimated cost of infrastructure, cultivation and preparation and buying and planting trees were higher/ (lower).
		Estimated cost of buying and planting young plants per hectare	Rs. 62,000 - Rs. 65,000	

In determining the fair value, highest and best use of timber, current condition of the trees and expected timber content at harvesting have been considered. Also, the valuers have made reference to market evidence of transaction prices of the each company, and the market prices of timber corporation, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The biological assets of the Group are mainly cultivated in leased lands. When measuring the fair value of the biological assets, it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

### The Group is exposed to the following risks relating to its timber plantations.

#### Regulatory and environmental risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

#### Supply and demand risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

# NOTES TO THE FINANCIAL STATEMENTS

## Climate and other risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys. The Company also insures itself against natural disasters such as floods, land slides and hurricanes.

## Key assumptions used in the valuation

1. The harvesting is approved by the PMMD and Forest Department based on the forestry development plan
2. The prices adopted are net of expenditure
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.

### 18.2.3 Sensitivity Analysis

#### Sensitivity variation sales price

Values as appearing in the statement of financial position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise of decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets :

Managed Timber	-10% Rs.'000	10% Rs.'000
As at 31st December, 2022	(691,726)	691,726
As at 31st December, 2021	(637,360)	637,360

#### Sensitivity variation discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1% of the discount rate has the following effect on the net present value of biological assets:

Managed Timber	-1% Rs.'000	1% Rs.'000
As at 31st December, 2022	326,952	(151,304)
As at 31st December, 2021	242,974	(221,306)

### 18.3 Gain / (Loss) on fair value of biological assets

For the year ended 31 March,	Note	Group	
		2023 Rs.'000	2022 Rs.'000
From Consumable biological assets	18.2	505,820	416,610
From produce on bearer biological assets	18.1.3	12,400	(4,133)
		518,220	412,477

## 19 Right-of-use assets

### 19.1 Movement during the year

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as right-of-use assets.

As at 31 March,	Group			
	2023			2022
	Right-of-Use Land Rs.'000	Right-of-Use buildings Rs.'000	Total Rs.'000	Total Rs.'000
<b>Cost</b>				
Balance at the beginning of the year	28,742,589	4,802,537	33,545,126	23,428,277
Acquisition of subsidiaries	63,464	-	63,464	7,828
Exchange difference	2,895,216	268,165	3,163,381	9,485,166
Remeasurement during the year	76,052	(8,440)	67,612	354,523
Additions	3,352	131,482	134,834	496,237
Other transfers	-	-	-	(764)
Disposals	(38,521)	(23,879)	(62,400)	(226,141)
<b>Balance at the end of the year</b>	<b>31,742,152</b>	<b>5,169,865</b>	<b>36,912,017</b>	<b>33,545,126</b>
<b>Accumulated depreciation</b>				
<b>Balance at the beginning of the year</b>	<b>10,262,664</b>	<b>2,759,255</b>	<b>13,021,919</b>	<b>7,964,567</b>
Remeasurement during the year	-	(5,070)	(5,070)	-
Acquisition of subsidiaries	6,060	-	6,060	1,421
Exchange difference	919,904	152,588	1,072,492	3,686,269
Charge for the year	1,601,580	468,742	2,070,322	1,470,749
Other Transfers	(112)	112	-	-
Disposals	(2,554)	(23,879)	(26,433)	(101,087)
<b>Balance at the end of the year</b>	<b>12,787,542</b>	<b>3,351,748</b>	<b>16,139,290</b>	<b>13,021,919</b>
<b>Carrying amount as at 31st March</b>				
- Recognised under non-current	18,953,615	1,818,117	20,771,732	20,522,615
- Recognised under current *	995	-	995	592
<b>Carrying amount as at 31st March</b>	<b>18,954,610</b>	<b>1,818,117</b>	<b>20,772,727</b>	<b>20,523,207</b>

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,	Company		
	2023		2022
	Right-of-Use buildings Rs.'000	Total Rs.'000	Total Rs.'000
<b>Cost</b>			
Balance at the beginning of the year	36,521	36,521	-
Additions	-	-	36,088
Other transfers	-	-	433
<b>Balance at the end of the year</b>	<b>36,521</b>	<b>36,521</b>	<b>36,521</b>
<b>Accumulated depreciation</b>			
Balance at the beginning of the year	7,304	7,304	-
Charge for the year	7,304	7,304	7,304
Balance at the end of the year	14,608	14,608	7,304
<b>Carrying amount as at 31st March</b>	<b>21,913</b>	<b>21,913</b>	<b>29,217</b>

\* Consequent to the expiry of power purchase agreement signed between Ace Power Embilipitiya (Pvt) Ltd., and the Ceylon Electricity Board (CEB) on the 6th April 2021, after the date of the statement of financial position, the right-of-use assets of Ace Power Embilipitiya (Pvt) Ltd., was transferred to current assets.

## 19.2 Amounts recognised in profit or loss on SLFRS 16 - Leases

	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Depreciation expense of right-of-use assets	19.1	2,070,322	1,470,749	7,304	7,304
Interest on lease liabilities	32	1,257,081	909,897	1,990	2,433
Expenses relating to short term leases and leases of low value assets		560,504	336,034	-	-

## 19.3 Amounts recognised in statement of cash flows on SLFRS 16 - Leases

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Total cash outflow for leases	3,488,091	2,475,409	8,326	8,326

#### 19.4 Details of right-of-use assets relating to leased properties

Company	Nature of the leasing activity	Location of the leased property	Unexpired lease periods as at 31.03.2023
Ace Apparels (Pvt) Ltd	Land	Koggala - Sri Lanka	41 years
Ace Containers (Pvt) Ltd	Yard and Warehouse facilities	Wattala - Sri Lanka	02 years
Ace Container Terminals (Pvt) Ltd	Land	Katunayake - Sri Lanka	65 years
Ace Distriparks (Pvt) Ltd	Land	Mihinthale - Sri Lanka	21 years
Ace Distriparks (Pvt) Ltd	Warehouse facilities	Welisara and Wattala - Sri Lanka	1 - 2 years
Ace Power Embilipitiya (Pvt) Ltd	Land	Embilipitiya - Sri Lanka	02 years
Ace Windpower (Pvt) Ltd	Land	Ambewela - Sri Lanka	10 years
Aitken Spence Agriculture (Pvt) Ltd	Land	Dambulla - Sri Lanka	20 years
Aitken Spence Cargo (Pvt) Ltd	Warehouse facilities	Mulleriyawa - Sri Lanka	1 - 2 years
Aitken Spence Hotel Managements (Pvt) Ltd	Warehouse facilities	Colombo 02 - Sri Lanka	01 year
Aitken Spence Property Developments (Pvt) Ltd	Land	Colombo 02 - Sri Lanka	01 year
Global Parcel Delivery (Pvt) Ltd	Warehouse facility	Ingiriya - Sri Lanka	04 years
Hethersett Hotels Ltd	Land	Nuwara Eliya - Sri Lanka	72 years
Kandalama Hotels (Pvt) Ltd	Land	Dambulla - Sri Lanka	20 years
Waltrim Hydropower (Pvt) Ltd	Land and building	Nuwara Eliya - Sri Lanka	18 years
Western Power Company (Pvt) Ltd	Land	Muthurajawela - Sri Lanka	24 years
ADS Resorts (Pvt) Ltd	Island	North Male' Atoll - Maldives	04 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	26 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	42 years
Jetan Travel Services Company (Pvt) Ltd	Island	South Male' Atoll - Maldives	20 years
Unique Resorts (Pvt) Ltd	Island	South Male' Atoll - Maldives	23 years
Fiji Ports Terminal Ltd	Wharfs used for ports operations	Suva - Fiji	06 years
Melstacorp PLC	Buildings	Colombo 10 Sri Lanka	03 years

The Group leases office space, office equipment, motor vehicles e.t.c with contract terms of one to five years. These leases are either short term (term leases than one year) and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The value of right-of-use assets pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 4,766.8 million (2021/2022 - Rs. 7,649.6 million).

#### 19.5 Right to use of land-Madulsima Plantations PLC and Balangoda Plantations PLC

The Right of Use - Lands consist of the lease rights on Janatha Estates Development Board/Sri Lanka State Plantations Corporation Estates. Leases have been executed for a period of 53 years. All of these leases are retroactive to 18 June 1992 the date of formation of the Company. The leasehold right to the land on all of these estates have been taken into the books of the Company on 18 June 1992 immediately after formation of the Company, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka.

# NOTES TO THE FINANCIAL STATEMENTS

## 19.5.1 Leasehold rights to bare land of JEDB / SLSPC estate assets and immovable (JEDB / SLSPC) estate assets of finance lease acquired by the Government of Sri Lanka

The Government of Sri Lanka has initiated actions under provisions of the Land Acquisition Act No.28 of 1964, to acquire lands from lands leased to the Company in Agarsland Estate, Cecilton Estate, Rasagalla Estate, Non Pareil Estate, Balangoda Estate and Rye Wikiliya Estate located in Balangoda region; Mutuwagala Estate, Palmgarden Estate, Millawitiya Estate, Galauthura Estate and Rambukkanda Estate located in Ratnapura region, and Glen Alpin Estate, Telebedde Estate, Ury Estate and Wewesse Estate located in Badulla region.

The Government of Sri Lanka has already acquired a total land extent of 200.87 hectares (refer Note A below) and also in the process of acquiring a further total land extent of 2.02 hectares as detailed in Note B below.

## 19.5.1 Leasehold rights to bare land of JEDB / SLSPC estate assets and immovable (JEDB / SLSPC) estate assets of finance lease acquired by the Government of Sri Lanka

### (A) List of lands acquired by the Government as at 31 December 2022

Company	Region	Estate	Purpose of Acquisition	Extent (Hectares)
Balangoda Plantations PLC	Balangoda	Cecilton Estate	Expansion of an Village	7.21
	Balangoda	Non Perial Estate	Construction of R/Non Paeril Tamil Vidyalaya	0.81
	Balangoda	Non Perial Estate	Construction of Army camp	36.18
	Balangoda	Non Perial Estate	Construction of R/Karagastalawa Maha Vidyalaya	1.21
	Balangoda	Non Perial Estate	Widening of Road	0.38
			Widening of Road 0.38	
	Balangoda	Non Perial Estate	Widening of Road	0.3
	Balangoda	Non Perial Estate	Village Alienation	12.09
	Balangoda	Agarsland Estate	Construction of R/Wellawala Mukalana Tamil School	0.81
	Balangoda	Agarsland Estate	Village Alienation	6.79
	Balangoda	Rasagalla Estate	Village Alienation	7.87
	Balangoda	Rasagalla Estate	Village Alienation	4.34
	Balangoda	Rasagalla Estate	Village Alienation	2.37
	Balangoda	Rasagalla Estate	Construction of Estate Hospital – Rasagalla	0.81
	Balangoda	Rye Wikiliya Estate	Construction of Balangoda Pinnawala Police Station	1
	Balangoda	Rye Wikiliya Estate	Village Alienation	2.02
	Ratnapura	Mutwagala Estate	Construction of North Karadana Police Post	0.06
	Ratnapura	Palmgarden Estate	Construction of an Industrial Estate	34.49
	Ratnapura	Palmgarden Estate	Village Alienation	5.26
	Badulla	Glen Alpin Estate	Expansion of Uva Wellassa University	10.1
	Badulla	Glen Alpin Estate	Construction of an Industrial Zone	9.49
	Badulla	Telebedde Estate	Construction of a Lake	1.62
	Badulla	Ury Estate	Village Alienation	2.9
	Badulla	Wewesse Estate	Expansion of Uva Wellassa University	17.81
	Ratnapura	Galuthara Estate	Construction of Houses for Flood Victims	1.18
	Ratnapura	Millawitiya Estate	Village Alienation	11.86
	Ratnapura	Mutwagala Estate	Village Alienation	4.9
Ratnapura	Rambukkanda Estate	Construction of Houses for Flood Victims	3.49	
Ratnapura	Rambukkanda Estate	Construction of Houses for Flood Victims	4.78	

Company	Region	Estate	Purpose of Acquisition	Extent (Hectares)
	Balangoda	Balangoda Estate	Build a Mini Hydro Project	0.66
	Badulla	Ury Estate	Construction of Peradeniya Badulla Highway	0.01
	Badulla	Wewesse Estate	Construction of Peradeniya Badulla Highway	2.91
	Badulla	Telbedde Estate	Construction of a Rural Hospital	0.37
	Badulla	Glen Alpin Estate	Relocation of Diyangalla Tamil School	0.4
Madulsima Plantations PLC	Madulsima	El-Teb	Lower Division No 01 Tamil School	0.81
	Madulsima	Mahadowa	Lower Division No 01 Tamil School	0.44
	Madulsima	Mahadowa	Hospital Development	0.81
	Madulsima	Mahadowa	Chengaladi Road Expansion	0.12
	Madulsima	Uvakellie	Tamil School	0.8
	Madulsima	Veralapatana	Expansion of Madulsima town	0.81
	Madulsima	Veralapatana	Police Station & Quarters	0.6
				200.87

No adjustments have been made to the financial statements in respect of these lands acquired as the compensation receivable on these acquisitions are not known and the Government Valuation is pending as at 31 December 2022. Accordingly, the transactions pertaining to those acquisitions are incomplete as at 31 December 2022.

(B) List of lands in the process of being acquired by the Government of Sri Lanka under the Land Acquisition Act as at 31/12/2022

Region	Estate	Purpose of Acquisition	Extent (Hectares)
Ratnapura	Palmgarden Estate	Relocation Rathnapura Tamil Maha Vidyalaya	2.02

## 20 Investments in subsidiaries

As at 31 March,	Note	Company	
		2023 Rs.'000	2022 Rs.'000
Quoted Investments	20.1	57,344,843	54,877,163
Unquoted Investments	20.2	10,624,034	10,521,534
		67,968,877	65,398,697
Less: Provision for impairment of investments in subsidiaries	20.3	(4,488,633)	(4,448,695)
		63,480,244	60,950,002

# NOTES TO THE FINANCIAL STATEMENTS

## 20.1 Quoted Investments

As at 31 March,	2023				2022			
	Number of shares	Effective holding	Market Value Rs.'000	Cost Rs.'000	Number of shares	Effective holding	Market Value Rs.'000	Cost Rs.'000
Balangoda Plantations PLC	35,601,185	75.31%	2,360,359	2,209,105	13,853,663	58.61%	241,054	360,565
Browns Beach Hotel PLC	54,273,234	41.88%	656,706	726,399	54,273,234	41.88%	488,459	726,399
Distilleries Company of Sri Lanka PLC	4,252,262,664	92.44%	83,344,348	31,527,517	4,252,262,664	92.44%	57,830,772	31,527,517
Aitken Spence PLC	208,410,213	51.33%	27,301,738	21,858,971	204,314,171	50.32%	15,057,954	21,236,173
Madulsima Plantations PLC	94,429,833	55.71%	1,057,614	1,022,851	94,767,483	55.91%	871,861	1,026,509
			114,720,765	57,344,843			74,490,100	54,877,163

## 20.2 Unquoted Investments

As at 31 March,	2023			2022		
	Number of shares	Effective holding	Cost Rs.'000	Number of shares	Effective holding	Cost Rs.'000
Milford Holdings (Pvt) Limited	333,067,925	98.36%	3,350,000	333,067,925	98.36%	3,350,000
Periceyl (Pvt) Limited	200,000,000	100.00%	6,750	200,000,000	100%	6,750
Continental Insurance Lanka Limited	120,000,007	100.00%	1,164,000	120,000,007	100%	1,164,000
Melsta Logistics (Pvt) Limited	90,000,000	100.00%	571,486	90,000,000	100%	571,486
Bogo Power (Pvt) Limited	993,000,000	99.30%	993,250	993,000,000	99.30%	993,250
Bellvantage (Pvt) Limited	5,000,100	100.00%	75,000	5,000,100	100%	75,000
Melsta Properties (Pvt) Limited	158,994,901	100.00%	1,589,949	158,994,901	100%	1,589,949
Melsta Tower (Pvt) Limited	65,751,636	100.00%	657,516	65,751,636	100%	657,516
Melsta Technologies (Pvt) Limited	1,000,000	100.00%	10,000	1,000,000	100%	10,000
Melsta Health (Pvt) Ltd	197,600,002	100.00%	1,976,000	189,600,002	100%	1,896,000
Timpex (Pvt) Limited	15,611,661	51.03%	156,897	15,611,661	51.03%	156,897
Splendor Media (Pvt) Limited	100,002	100.00%	50,686	100,002	100%	50,686
Texpro Industries Limited (a)	2,250,000	3.85%	22,500	-	0%	-
			10,624,034			10,521,534

(a) Timpex (Private) Limited owns 80% of shares in Texpro Industries Limited. Therefore, effective ownership of Melstacorp PLC is 44.69%.

## 20.3 Provision for impairment of investment in subsidiaries

As at 31 March,	Company	
	2023 Rs.'000	2022 Rs.'000
Balance at the beginning of the year	4,448,695	3,895,286
Provision made during the year	39,938	553,409
<b>Balance at the end of the year</b>	<b>4,488,633</b>	<b>4,448,695</b>

The provision for impairment of investments in subsidiary companies as at 31st March 2023 are attributable to followings.

As at 31 March,	Company	
	2023 Rs.'000	2022 Rs.'000
Milford Holdings (Pvt) Limited	3,350,000	3,350,000
Splendor Media (Pvt) Limited	50,686	50,686
Balangoda Plantations PLC	-	85,764
Madulsima Plantations PLC	-	32,587
Timpex (Pvt) Ltd	156,897	55,772
Browns Beach Hotel PLC	-	184,515
Melsta Health (Pvt) Ltd	908,550	689,371
Texpro Industries Limited	22,500	-
	<b>4,488,633</b>	<b>4,448,695</b>

### 20.3.1 Milford Holdings (Pvt) Limited

The recoverable value of Milford Holdings (Pvt) Limited was calculated with reference to its net assets value (Rs: Nil) held as at 31st March 2023. (Level 3 Valuation)

### 20.3.2 Splendor Media (Pvt) Limited

The recoverable value of Splendor Media (Pvt) Limited was calculated with reference to its net assets value (Rs: Nil) held as at 31st March 2023. (Level 3 Valuation)

### 20.3.3 Balangoda Plantations PLC / Madulsima Plantations PLC

Recoverable values for the plantation sector companies were estimated based on the fair value less cost to sell the investment which are calculated with reference to the market prices of equity securities as at 31st March 2023 adjusted for appropriate control premium (Level 2 valuation).

Principal assumptions used in the estimation of fair value less cost to sell are as follows;

1. Control premium - 14%
2. Costs of selling these investments are immaterial.

### 20.3.4 Timpex (Pvt) Ltd/ Texpro Industries Limited

The recoverable value of Timpex (Pvt) Ltd and Texpro Industries Limited were calculated with reference to its net assets value (Rs: Nil) held as at 31st March 2023. (Level 3 Valuation)

### 20.3.5 Browns Beach Hotel PLC

The recoverable value of Browns Beach Hotel PLC was calculated with reference to its Market value adjusted with appropriate control premium held as at 31st March 2023 (Level-2 Valuation)

Control premium - 10%-12%

### 20.3.6 Melsta Health (Private) Limited

The recoverable value of Melsta Health (Private) Limited was calculated with reference to its net assets value (Rs. 5.40) held as at 31st March 2023 (Level 3 Valuation)

# NOTES TO THE FINANCIAL STATEMENTS

## 20.4 Group holdings in subsidiaries

Subsidiary	Principal Activity	Reporting date	Reason for using a different period	Indirectly holding through	2023	
					No. of shares	Effective ownership interest
1 Aitken Spence PLC SPEN	Diversified Holding	31-Mar	-		208,410,213	51.33%
2 Balangoda Plantations PLC BPL	Cultivation and processing of Tea & Rubber	31-Dec	To comply with the rules and regulations in the Plantation sector		35,601,185	75.31%
3 Bell Solutions (Pvt) Ltd BSL	"Information & Communication Technology"	31-Mar	-	LB	100,000	98.36%
4 Bellvantage (Pvt) Ltd BV	BPO,KPO & Software Development	31-Mar	-		5,000,100	100%
5 Bogo Power (Pvt) Ltd BP	"Generation and sale of Hydro Electric Energy"	31-Mar	-		993,000,000	99.50%
6 Browns Beach Hotel PLC BBH	Leisure	31-Mar	-	SPENCE	102,900,337	55.95%
7 Continental Insurance Lanka Limited CIL	General Insurance Services	31-Dec	To comply with the rules and regulations in the Insurance sector		120,000,007	100%
8 Lanka Bell Ltd LB	Telecommunication Services	31-Mar	-	MH	50,719,061	98.36%
9 Distilleries Company of Sri Lanka PLC DCSL	Beverage	31-Mar	-		4,252,262,664	92.44%
10 Melsta Logistics (Pvt) Ltd ML	Logistics	31-Mar	-		90,000,000	100%
11 Milford Holdings (Pvt) Ltd MH	Investment Holding Company	31-Mar	-		333,067,925	98.36%
12 Negombo Beach Resorts (Pvt) Ltd NBR	Leisure	31-Mar	-	BBH	91,400,001	55.95%
13 Periceyl (Pvt) Ltd PCL	"Distribution of locally manufactured Foreign Liquor"	31-Dec	To operate in line with foreign strategic alliances		200,000,000	100%
14 Splendor Media (Pvt) Ltd SM	Media Buying & Creative Services	31-Mar	-		100,002	100%
15 Telecom Frontier (Pvt) Ltd TF	Telecommunication Services	31-Mar	-	LB	100,000	98.36%
16 Texpro Industries Ltd TEXP	Dyeing and Printing Woven Fabrics	31-Mar	-	TIM	49,086,524	44.69%
17 Timpex Ltd TIM	Investment Holding Company	31-Mar	-		15,611,661	51.03%
18 Melsta Properties (Pvt) Ltd MP	Management of Real Estate	31-Mar	-		158,994,901	100%

Subsidiary	Principal Activity	Reporting date	Reason for using a different period	Indirectly holding through	2023		
					No. of shares	Effective ownership interest	
19 Melsta Tower (Pvt) Limited	Tower	Real Estate	31-Mar	-		65,751,636	100%
20 Melsta Technology (Pvt) Limited	TECH	IT Services	31-Mar	-		1,000,000	100%
21 Madulsima Plantations PLC	MPL	Cultivation and processing of Tea	31-Dec	-		94,429,833	55.71%
22 Melsta Health (Pvt) Ltd	HEALTH	Investment holding company	31-Mar	-		197,600,002	100.00%
23 Melsta Laboratories (Pvt) Ltd	MLAB	Dianostic services	31-Mar	-	HEALTH	30,000,001	100.00%
24 Hospital Management Melsta (Pvt) Ltd	HMM	Healthcare services	31-Mar	-	HEALTH	25,225,001	100.00%
25 Melsta Healthcare Colombo (Pvt) Ltd	MHCOL	Healthcare services	31-Mar	-	HEALTH	13,000,000	100.00%
26 Melsta Hospitals Ragama (pvt) Ltd	MHR	Healthcare services	31-Mar	-	MHCOL	180,725,000	100.00%
27 Melsta Healthcare Colombo North (Pvt) Ltd	MHNC	Healthcare services	31-Mar	-	MHR	25,362,500	100.00%
28 Melsta Pharmaceuticals (Pvt) Ltd	PHARMA	Healthcare services	31-Mar	-	HEALTH	1,700,000	100.00%
29 Formula World (Pvt) Ltd	PHARMA	Automobile Servicing and Logistics	31-Dec	-	CIL	1,000,000	100.00%
30 Continental Insurance Life Lanka Ltd	CLIFE	Life Insurance	31-Dec	-	CIL	50,000,000	100.00%

# NOTES TO THE FINANCIAL STATEMENTS

## 20.5 Acquisition of subsidiaries

On 05th July 2022, Aitken Spence PLC acquired 100% of the shareholding of Sagasolar Power (Pvt) Ltd., which operates a 10 MW solar power project in Hambantota, Sri Lanka for a total consideration of Rs.1.4billion.

For the nine months ended 31st March 2023, Sagasolar Power (Pvt) Ltd contributed revenue of Rs. 364.3 million and profit of Rs. 140.9 million to the Group's results. If the acquisition had occurred on 01st April 2022, management estimates that Group revenue and profit would have been Rs. 98 billion and Rs. 8,102.4 million respectively. In determining these amounts, management has assumed that the fair values adjustments and determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 01st April 2022

	Group Rs.'000
Property, plant & equipment	1,927,874
Right-of-use assets	57,404
Trade and other receivables	326,780
Current tax receivable	(2,938)
Interest-bearing loans and borrowings	(996,235)
Lease liabilities	(25,827)
Deferred tax liabilities	(4,877)
Trade and other payables	(114,105)
Cash and cash equivalent	(99,440)
<b>Total identifiable net assets acquired</b>	<b>1,068,636</b>

### 20.5.1 Goodwill on Acquisition

	Group Rs.'000
Consideration Transferred	1,400,000
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities	-
Fair value of identifiable net assets	(1,068,636)
<b>Goodwill on Acquisition</b>	<b>331,364</b>

### 20.5.2 Consideration paid net of cash acquired

	Group Rs.'000
Consideration transferred	1,400,000
Less:	
Cash and cash equivalents acquired	99,440
	<b>1,499,440</b>

## 20.6 Acquisition/Disposal of Non- Controlling Interest

### Aitken Spence PLC

The Company has acquired 4,096,042 shares of Aitken Spence PLC during the year which resulted in a percentage increase of holding from 50.32% to 51.33%.

### Texpro Industries Ltd

The Company has acquired 2,250,000 shares of Texpro Industries Ltd during the year ended 31st March 2023 which resulted in a percentage increase of holding from 41.75% to 44.69%.

### Balangoda Plantations PLC

The Company has acquired 21,747,522 shares of Balangoda Plantations PLC during the year ended 31st March 2023 which resulted in a percentage increase of holding from 58.61% to 75.31%.

### Madulsima Plantations PLC

The Company has disposed 337,650 shares of Madulsima Plantations PLC during the year ended 31st March 2023 which resulted a percentage decrease of holding from 51.91% to 55.71%.

## 20.7 Investments in subsidiaries

The Company has invested Rs.80mn in Melsta Health (Pvt) Ltd which is the holding company of Group's health care sector in 2022/23.

## 20.8 Discontinued operation

Hospital Management Melsta (Private) Limited (HMM) which is a fully owned subsidiary of Melsta Health (Private) Limited operated the "Joseph Frazer Memorial Hospital" under the brand name of "Melsta Hospital". The Board of Directors of HMM decided to discontinue the operations of "Joseph Frazer Memorial Hospital" with effect from 31st March 2023. Assets owned by HMM as at that date were sold to a fellow subsidiary, Melsta Hospital Ragama (Private) Limited.

The summarised profit and loss statement and cash flow statement of HMM for the year ended 31st March 2023 and 2022 are as follows,

### Results of discontinued operations

For the year ended 31 March	2023 Rs.'000	2022 Rs.'000
Revenue	256,306	224,305
Direct Cost	(219,762)	(192,806)
<b>Gross Profit</b>	<b>36,544</b>	<b>31,499</b>
Other Operating Income	39,882	2,450
Expenses	(93,421)	(68,290)
<b>Loss from operations</b>	<b>(16,995)</b>	<b>(34,341)</b>
Net Finance cost	(2,160)	(65)
<b>Loss before Income Tax Expense</b>	<b>(19,155)</b>	<b>(34,406)</b>
Taxation	-	-
<b>Loss for the Year</b>	<b>(19,155)</b>	<b>(34,406)</b>

### Cash flows generated from (used in) discontinued operations

For the year ended 31 March	2023 Rs.'000	2022 Rs.'000
Net cash used in operating activities	7,209	(6,667)
Net cash from investing activities	(8,604)	(2,979)
Net cash flow for the year	(1,395)	(9,646)

The Group considered this to be not material, as a result, the requirements of paragraph 33 of SLFRS 5 " Non-Current Assets Held for Sale and discontinued operation" were not applied.

# NOTES TO THE FINANCIAL STATEMENTS

## 20.9 Significant judgements and assumptions made in determining whether the group has control

Although the Group owns less than half of the voting rights of Texpro Industries Private Limited (TEXP), the Group assessed that it is able to govern the financial and operating policies of TEXP by virtue of de facto control on the basis that the remaining share holders are widely depressed and there is no indication to believe that all of them will exercise their votes collectively.

## 20.10 Disclosure of the interest that non-controlling interests have in the group's activities and cash flows

### 20.10.1 Nature of interests in subsidiaries with material NCI

Name of the subsidiary	Aitken Spence PLC (SPEN)	Balangoda Plantations PLC (BPL)	Browns Beach Hotels PLC (BBH)	Madulsima Plantations PLC (MPL)
Principal place of business	No.815, Vauxhall Street, Colombo 02.	In the areas of Ratnapura, Balangoda and Badulla	No. 175, Lewis Place, Negombo	In the areas of Badulla and Bogawantalawa.
Proportion of ownership interest held by non controlling interest	48.67%	24.69%	44.05%	44.29%
Profit / (loss) allocated to non controlling interest (Rs. '000)	4,665,786	230,502	(448,009)	(90,123)
Accumulated non controlling interest at the end of the reporting period (Rs. '000)	51,595,388	809,908	(83,125)	270,587

### 20.10.2 Summarised financial information of subsidiaries that have material NCI

As at/ for the year ended,	31 December 2022				31 March 2023			
	BPL		MPL		BBH		SPEN	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Dividends paid to non controlling interests	-	-	-	-	-	-	2,463,891	1,341,172
Current assets	3,005,829	577,100	547,831	429,905	492,004	397,910	75,099,033	69,415,304
Non current assets	7,247,483	6,554,206	7,961,309	7,097,181	4,795,209	5,004,833	142,242,193	129,613,782
Current liabilities	3,819,694	4,458,073	4,706,109	4,306,459	2,706,805	2,220,963	58,153,100	50,030,000
Non current liabilities	3,153,285	1,963,719	3,192,081	2,154,184	2,769,105	2,331,054	72,972,109	71,553,407
Revenue	6,070,594	4,002,689	4,172,568	3,099,649	660,084	422,126	96,988,994	54,152,232
Profit/(Loss) After Tax	556,926	(1,720)	(203,485)	(238,188)	(1,017,004)	(444,443)	8,076,369	12,155,817
Other comprehensive income	(155,750)	(92,140)	(252,008)	(136,650)	(21,447)	1,560	4,228,823	7,493,815
Total comprehensive income	401,176	(93,860)	(455,493)	(374,838)	(1,038,451)	(442,883)	12,305,192	19,649,632
<b>Cash Flows</b>								
Cash flows from operating activities	1,456,163	239,450	910,461	57,857	(240,497)	11,474	3,460,593	21,796,935
Cash flows from investing activities	(122,628)	(93,339)	(213,485)	(181,767)	21,965	3,014	(438,667)	(7,489,605)
Cash flows from financing activities	1,227,672	(240,652)	(538,965)	48,721	(2,593)	(2,592)	(14,310,046)	(2,994,040)

**20.11 Following sales/ purchase transactions of non Controlling interest during the year ended 31st March 2023 has resulted in an impact to the total equity of the Group.**

	Group 31.03.2023 Rs.'000
<b>Acquisition and disposal of NCI</b>	
Acquisition of 0.26% Lanka Bell Limited	17,186
Acquisition of 2.94 %Texpro Industries PLC	33,444
Acquisition of 1.01% of Aitken Spence PLC	(807,352)
Disposal of 0.2% of Madulsima Plantations PLC	2,956
Investment in additional rights 16.7 % of Balangoda Plantations PLC	(24,918)
	<b>(778,684)</b>

**21 Investment in equity accounted investees**

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Recognised in the statement of financial position</b>					
Investment in joint ventures	21.1	2,118,552	2,202,213	590,690	1,352,000
Investment in associates	21.2	7,942,688	7,031,047	-	-
<b>Carrying amount as at 31st March</b>		<b>10,061,240</b>	<b>9,233,260</b>	<b>590,690</b>	<b>1,352,000</b>
<b>Recognised in the income statement</b>					
Share of profit/(loss) from investment in joint ventures	21.1.2	69,550	(143,798)	-	-
Interest in associates	21.2.2	1,046,101	585,775	-	-
<b>Share of profit of equity-accounted investees (net of tax) for the year ended 31 March</b>		<b>1,115,651</b>	<b>441,977</b>	<b>-</b>	<b>-</b>
<b>Recognised in the statement of profit or loss and other comprehensive income</b>					
Share of profit from investment in joint ventures	21.1.2	29,288	32,346	-	-
Share of profit from investment in associates	21.2.2	199,887	1,037,583	-	-
<b>Share of other comprehensive income of equity-accounted investees (net of tax) for the year ended 31 March</b>		<b>229,175</b>	<b>1,069,929</b>	<b>-</b>	<b>-</b>

Share of other comprehensive income of equity-accounted investees (net of tax) is further analysed as ;

	Group	
	31.03.2023 Rs.'000	31.03.2021 Rs.'000
Items that will not be reclassified to profit or loss	60,776	12,453
Items that are or may be reclassified to profit or loss	168,399	1,057,476
	<b>229,175</b>	<b>1,069,929</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 21.1 Investment in joint ventures

	Country of incorporation	Group				Company			
		No. of shares	Holding %	As at 31st March		No. of shares	Holding %	As at 31st March	
				2023 Rs.'000	2022 Rs.'000			2023 Rs.'000	2022 Rs.'000
Aitken Spence C & T Investments (Pvt) Ltd (a) (b) (Ordinary shares - Unquoted)	Sri Lanka	14,170,000	50.00	141,700	141,700	-	-	-	-
Ecocorp Asia (Pvt) Ltd									
Aitken Spence Engineering Solutions (Pvt) Ltd (a) (Ordinary shares - Unquoted)	Sri Lanka	20,000	50.00	2,000	2,000	-	-	-	-
CINEC Campus (Pvt) Ltd (a) (formally Colombo International Nautical and Engineering College (Pvt) Ltd) (consolidated with CINEC Skills (Pvt) Ltd) (Ordinary shares - Unquoted)	Sri Lanka	253,334	40.00	502,950	502,950	-	-	-	-
Spence Seahorse Marine (Pvt) Ltd (a) (Ordinary shares - Unquoted)	Sri Lanka	500,000	50.00	22,500	5,000				
Melsta GAMA (Pvt) Ltd	Sri Lanka	14,520,000	50.00	1,452,000	1,352,000	14,520,000	50.00	1,452,000	1,352,000
Ace Bangladesh Ltd (a) (Ordinary shares - Unquoted)	Bangladesh	172,970	49.00	32,587	32,587	-	-	-	-
<b>Carrying amount as at 31st March</b>				<b>2,153,737</b>	<b>2,036,237</b>			<b>1,452,000</b>	<b>1,352,000</b>
Provision for impairment of investments				-	-			(861,310)	-
Opening cumulative net assets accruing to the group net of dividend				165,976	393,793			-	-
Group's share of total comprehensive income for the year				98,838	(111,452)			-	-
Dividends received for the year				(299,999)	(116,365)			-	-
<b>Equity value of investments</b>				<b>2,118,552</b>	<b>2,202,213</b>			<b>590,690</b>	<b>1,352,000</b>

### 21.1.2 Summarised financial information of joint ventures - Group

The following analyses, in aggregate, the carrying amount, share of profit and other comprehensive income of individually immaterial joint ventures.

As at	2023 Rs.'000	2022 Rs.'000
Carrying amount of interest in joint ventures	2,118,552	2,202,213
Group's share of :		
- Profit for the year (net of tax)	69,550	(143,798)
- Other comprehensive income for the year (net of tax)	29,288	32,346
<b>Total comprehensive income for the year</b>	<b>98,838</b>	<b>(111,452)</b>

## 21 Investment in equity accounted investees

### 21.2 Investment in associates

	Country of incorporation	Group			
		No. of shares	Holding %	As at 31 March,	
				2023 Rs.'000	2022 Rs.'000
Aitken Spence Plantation Managements PLC (a) (b) (consolidated with Elpitiya Plantations PLC (a) (b)) (Ordinary shares - Quoted)	Sri Lanka	8,295,860	38.95	165,000	165,000
Fiji Ports Corporation Ltd (a) (consolidated with Fiji Ships Heavy Industries Ltd) (Ordinary Shares - Unquoted)	Fiji	14,630,970	20.00	2,351,255	2,351,255
Serendib Investments Ltd (Ordinary Shares - Unquoted)	Fiji	1,750,000	25.00	151,215	151,215
Amethyst Leisure Ltd (c) (consolidated with Paradise Resort Pasikudah (Pvt) Ltd (c)) (Ordinary shares - Unquoted)	Sri Lanka	432,425,223	35.74	569,205	569,205
Ace Aviation Myanmar Ltd (Ordinary shares - Unquoted)	Myanmar	1,525,000	33.33	20,075	20,075
<b>Carrying amount as at 31st March</b>				<b>3,256,750</b>	<b>3,256,750</b>
Provision for impairment of investments				(30,570)	(30,570)
Opening cumulative net assets accruing to the group net of dividend				3,824,866	2,035,754
Group's share of total comprehensive income for the year				1,245,988	1,946,075
Dividends received for the year				(528,795)	(326,297)
Share of net assets recognised in equity				194,449	149,335
<b>Equity value of investments</b>				<b>7,942,688</b>	<b>7,031,047</b>

#### 21.2.2 Summarised financial information of associates - Group

The following analyses, in aggregate, the carrying amount, share of profit and other comprehensive income of individually immaterial associates.

For the year ended 31 March,	2023 Rs.'000	2022 Rs.'000
Carrying amount of interest in associates	3,256,750	3,256,750
Group's share of :		
- Profit for the year (net of tax)	1,046,101	585,775
- Other comprehensive income for the year (net of tax)	199,887	1,037,583
<b>Total comprehensive income for the year</b>	<b>1,245,988</b>	<b>1,623,358</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 21.2.3 Inter-company shareholdings - investment in associates

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2023	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
Amethyst Leisure Ltd	Sri Lanka	Aitken Spence Hotel Holdings PLC	134,666,055	27.89%	35.74%	64.26%
	Sri Lanka	Distilleries Company of Sri Lanka PLC	214,080,060	27.35%		

## 22 Deferred tax asset and liabilities

### 22.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

As at 31 March,	Group					
	2023			2022		
	Assets Rs.'000	Liabilities Rs.'000	Net Rs.'000	Asset Rs.'000	Liabilities Rs.'000	Net Rs.'000
Accelerated depreciation for tax purposes on property, plant and equipment	-	13,120,196	13,120,196	(3)	9,613,805	9,613,802
Biological assets	-	2,578,469	2,578,469	-	863,683	863,683
Provision for impairment of receivables	(266,498)	-	(266,498)	(78,801)	-	(78,801)
Other Provisions	(113,886)	-	(113,886)	(4,147)	-	(4,147)
Financial assets at FVOCI	(26,312)	-	(26,312)	(1,744)	-	(1,744)
Defined benefit obligations	(1,167,204)	-	(1,167,204)	(508,368)	-	(508,368)
From Net of Right-of-Use Asset & Lease Liability	(46,669)	848	(45,821)	(4,819)	1,090	(3,729)
Other Items	-	7,934	7,934	(762)	-	(762)
Revaluation Surplus on Freehold Land and building	-	3,167,493	3,167,493	-	1,098,567	1,098,567
Unrealised exchange gain	(571,051)	-	(571,051)	(159,735)	-	(159,735)
Unutilised tax loss carry-forwards	(4,256,066)	-	(4,256,066)	(2,814,003)	-	(2,814,003)
Undistributed profits of consolidated entities	-	166,230	166,230	-	-	-
	(6,447,686)	19,041,170	12,593,484	(3,572,382)	11,577,145	8,004,763

As at 31 March,	Company					
	2023			2022		
	Assets Rs.'000	Liabilities Rs.'000	Net Rs.'000	Asset Rs.'000	Liabilities Rs.'000	Net Rs.'000
Property, plant and equipment	-	1,152,720	1,152,720	-	780,810	780,810
Employee benefits	(5,009)	-	(5,009)	(2,822)	-	(2,822)
From Net of Right-of-Use Asset & Lease Liability	(584)		(584)	(235)		(235)
	(5,593)	1,152,720	1,147,127	(3,057)	780,810	777,753

### 22.1.1 Movement in recognised deferred tax assets and liabilities

For the year ended 31 March,	Group 2023					
	Balance as at 1st April 2022  Rs.'000	Acquisition of Subsidiary  Rs.'000	Charged/(credited) in			Balance as at 31st March 2023  Rs.'000
			Profit or loss (Note 23.1.1.1)  Rs.'000	Other comprehensive income  Rs.'000	Exchange Difference  Rs.'000	
Property, plant and equipment	9,613,802	-	2,475,057	977,476	53,861	13,120,196
Biological assets	863,683	-	1,714,786	-	-	2,578,469
Provision for impairment of receivables	(78,801)	-	(184,660)	-	(3,037)	(266,498)
Provisions	(4,147)	-	(109,739)	-	-	(113,886)
Financial assets at FVOCI	(1,744)	-	-	(24,568)	-	(26,312)
Defined benefit obligations	(508,368)	-	(650,905)	(5,809)	(2,122)	(1,167,204)
From Net of Right-of-Use Asset & Lease Liability	(3,729)	(2,124)	(39,399)	-	(569)	(45,821)
Other Items	(762)	7,001	-	1,750	(55)	7,934
Revaluation Surplus on Freehold Land	1,098,567	-	(13,345)	2,082,271	-	3,167,493
Unrealised exchange gain	(159,735)	-	(411,316)	-	-	(571,051)
Unutilised tax loss carry- forwards	(2,814,003)	-	(1,315,445)	-	(126,618)	(4,256,066)
Undistributed profits of consolidated entities	-	-	166,230	-	-	166,230
	8,004,763	4,877	1,631,264	3,031,120	(78,540)	12,593,484

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,	2022					
	Balance as at 1st April 2021	Acquisition of Subsidiary	Charged/(credited) in			Balance as at 31st March 2022
			Profit or loss (Note 23.1.1.1)	Other comprehensive income	Exchange Difference	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, plant and equipment	8,265,274	278,260	590,560	189,604	290,104	9,613,802
Biological assets	1,212,120	-	(348,437)	-	-	863,683
Provision for impairment of receivables	(82,874)	-	13,161	-	(9,088)	(78,801)
Provisions	(4,240)	-	93	-	-	(4,147)
Financial assets at FVOCI	4,969	-	-	(6,713)	-	(1,744)
Defined benefit obligations	(597,587)	(766)	51,013	49,053	(10,081)	(508,368)
From Net of Right-of-Use Asset & Lease Liability	(18,453)	(73)	17,098	-	(2,301)	(3,729)
Other Items	(523)	-	-	-	(239)	(762)
Revaluation Surplus on Freehold Land	1,135,294	-	(36,727)	-	-	1,098,567
Unrealised exchange gain	-	-	(159,735)	-	-	(159,735)
Unutilised tax loss carry-forwards	(2,691,775)	(143,998)	514,476	-	(492,706)	(2,814,003)
	7,222,205	133,423	641,502	231,944	(224,311)	8,004,763

For the year ended 31 March,	Company 2023			
	Balance as at 1st April 2022	Charged/(credited) in		Balance as at 31st March 2023
		Profit or loss	Other comprehensive income	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, plant and equipment	780,810	364,984	6,926	1,152,720
Retirement benefit obligation	(2,822)	(1,705)	(482)	(5,009)
From Net of Right-of-Use Asset & Lease Liability	(235)	(349)	-	(584)
	777,753	362,930	6,444	1,147,127

For the year ended 31 March,	2022			
	Balance as at 1st April 2021	Charged/(credited) in		Balance as at 31st March 2022
		Profit or loss	Other comprehensive income	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, plant and equipment	601,634	179,176	-	780,810
Retirement benefit obligation	(2,533)	(831)	542	(2,822)
From Net of Right-of-Use Asset & Lease Liability	-	(235)	-	(235)
	599,101	178,110	542	777,753

### 22.1.1.1 Deferred tax charge/(reversal) for the year

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Deferred tax (reversal) / charged to profit or loss</b>				
Due to change in the effective tax rate	2,025,384	-	187,513	-
Due to change in temporary differences	(394,120)	641,502	175,417	178,110
	1,631,264	641,502	362,930	178,110
<b>Deferred tax (reversal) / charged to other comprehensive income</b>				
Due to change in the effective tax rate	499,170	-	6,926	-
Due to change in temporary differences	2,531,950	231,944	(482)	542
	3,031,120	231,944	6,444	542

### 22.2 Unrecognised net deferred tax assets & liabilities

Deferred tax assets/(Liabilities) have not been recognised in respect of the following items:

For the year ended 31 March,	Group	
	2023 Rs.'000	2022 Rs.'000
Property, plant & equipment & intangible assets	1,112	1,169
Net lease liabilities	(140)	-
Employee benefits	1,462	2,303
Impairment of trade receivables	159,424	158,479
Tax losses	7,891,495	7,204,126
<b>Net deferred tax asset/(liabilities) not recognised</b>	<b>8,053,353</b>	<b>7,366,077</b>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

# NOTES TO THE FINANCIAL STATEMENTS

## 23 Other financial investments

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Non current investments</b>					
Financial investments at fair value through OCI	23.1	26,492,054	26,640,276	24,067,142	24,504,123
Financial investments at amortised cost	23.3	4,876,898	3,466,781	813,566	1,677,588
		31,368,952	30,107,057	24,880,708	26,181,711
<b>Current investments</b>					
Financial investments at Fair value through profit or loss (FVTPL)	23.2	841,647	1,495,147	44,296	212,137
Financial investments at amortised cost	23.3	28,674,778	26,505,373	4,791,144	6,575,438
		29,516,425	28,000,520	4,835,440	6,787,575

Details relating to unobservable inputs and the level of which the fair value measurement is classified are disclosed in Note 38 to these financial statements. The Boards of each component within the Group has determined these investments to be held for strategic investment purposes. Therefore, these are classified as investments at fair value through other comprehensive income.

### 23.1 Financial investments at fair value through OCI

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Non current investments</b>					
Quoted equity securities	23.1.1	25,808,526	26,111,347	24,067,142	24,504,123
Unquoted equity securities	23.1.2	302,540	276,033	-	-
Government Securities	23.1.3	181,940	53,848	-	-
Quoted Debt securities	23.1.4	199,048	199,048	-	-
		26,492,054	26,640,276	24,067,142	24,504,123

### 23.1.1 Quoted equity securities - Non current assets

As at 31 March,	Group					
	2023			2022		
	No. of shares	Cost Rs.'000	Fair value Rs.'000	No. of shares	Cost Rs.'000	Fair value Rs.'000
<b>Diversified investments</b>						
John Keells Holdings PLC	128,917,111	19,456,851	18,048,396	128,917,111	19,456,851	18,692,981
Vellibal One PLC	2,842	71	86	61,826	1,546	4,489
		19,456,922	18,048,482		19,458,397	18,697,470
<b>Bank finance &amp; insurance</b>						
Commercial Bank of Ceylon PLC	48,290,843	6,277,435	3,071,287	46,521,949	6,277,432	2,916,938
Seylan Bank PLC	17,120	1,235	570	16,004	1,235	506
DFCC Bank PLC	25,973,794	4,189,413	1,140,250	24,786,820	4,189,413	1,189,767
Hatton National Bank PLC	13,138,456	3,007,241	1,701,430	12,905,917	3,007,241	1,409,971
National Development Bank PLC	5,996	148	192	5,634	148	388
		13,475,472	5,913,729		13,475,469	5,517,570
<b>Beverage, food &amp; tobacco</b>						
Lanka Milk Foods (CWE) PLC	12,836,074	1,747,259	1,806,677	12,836,074	1,747,259	1,703,989
Nestle Lanka PLC	1,372	2,932	1,242	1,372	2,932	1,668
Renuka Agri Foods PLC	-	-	-	1,200,000	6,348	6,600
		1,750,191	1,807,919		1,756,539	1,712,257
<b>Manufacturing</b>						
Pelwatte Sugar Industries PLC	33,140,501	926,473	-	33,140,501	926,473	-
ACL Cables PLC	-	-	-	252,000	10,454	25,263
TEEJEY Lanka PLC	889,500	13,343	28,197	3,583,600	53,754	130,307
		939,816	28,197		990,681	155,570
<b>Hotel and travels</b>						
John Keells Hotels PLC	140,000	3,897	2,310	140,000	3,897	3,035
The Kingsbury Hotel PLC	410,000	6,178	3,485	410,000	6,178	3,895
		10,075	5,795		10,075	6,930
<b>Hospitals</b>						
Ceylon Hospitals PLC - Non Voting	40,040	2,608	4,404	40,040	2,608	4,945
		2,608	4,404		2,608	4,945
<b>Chemicals and Pharmaceuticals</b>						
Heycarb PLC	-	-	-	216,210	3,977	16,605
		-	-		3,977	16,605
<b>Total quoted equity securities - FVOCI</b>		35,635,084	25,808,526		35,697,746	26,111,347

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,	Company					
	2023			2022		
	No. of shares	Cost Rs.'000	Fair value Rs.'000	No. of shares	Cost Rs.'000	Fair value Rs.'000
<b>Diversified investments</b>						
John Keells Holdings PLC	128,917,111	19,456,851	18,048,396	128,917,111	19,456,851	18,692,981
		19,456,851	18,048,396		19,456,851	18,692,981
<b>Bank finance &amp; insurance</b>						
Commercial Bank of Ceylon PLC	48,290,086	6,277,359	3,071,249	46,521,219	6,277,359	2,916,880
Seylan Bank PLC	17,120	1,235	570	16,004	1,235	506
DFCC Bank PLC	25,973,794	4,189,413	1,140,250	24,786,820	4,189,413	1,189,767
		10,468,007	4,212,069		10,468,007	4,107,153
<b>Beverage, food &amp; tobacco</b>						
Lanka Milk Foods (CWE) PLC	12,836,074	1,747,259	1,806,677	12,836,074	1,747,259	1,703,989
		1,747,259	1,806,677		1,747,259	1,703,989
<b>Manufacturing</b>						
Pelwatte Sugar Industries PLC	33,140,501	926,473	-	33,140,501	926,473	-
		926,473	-		926,473	-
<b>Total quoted equity securities - FVOCI</b>		32,598,590	24,067,142		32,598,590	24,504,123

## 23.1.2 Unquoted equity securities

As at 31 March,	Group			
	2023		2022	
	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000
International Distilleries Lanka Ltd	100	3	100	3
W.M.Mendis & Co., Ltd	200	4	200	4
Rainforest Ecolodge (Pvt) Ltd	3,500,000	35,000	3,500,000	35,000
Business Process Outsourcing LLC	30,000	8,640	30,000	8,640
Floatels India (Pvt) Ltd	716,037	84,128	716,037	84,128
SLFFA Cargo Services Ltd (Ordinary shares)	1,243,000	3,223	1,243,000	3,223
Ingrin Institute of Printing & Graphics	10,000	100	10,000	100
		131,098		131,098
Change in fair value of investments		(16,924)		(15,727)
Exchange difference		188,366		160,662
		302,540		276,033

## 23.1.3 Government Securities

As at 31 March,	Group			
	2023		2022	
	Carrying Value	Fair Value Rs.'000	Carrying Value	Fair Value Rs.'000
<b>Non Current Investments</b>				
Treasury bonds	228,601	181,940	60,422	53,848
	228,601	181,940	60,422	53,848

### 23.1.4 Quoted Debt securities

As at 31 March,	Group			
	2023		2022	
	No of instruments	Fair Value Rs.'000	No of instruments	Fair Value Rs.'000
<b>Non Current Investments</b>				
DFCC Bank PLC	2,000,000	199,048	2,000,000	199,048
		199,048		199,048

The Group designated the investments shown above as equity securities measured at FVOCI, because these equity securities represent investments that the Group intends to hold for long term for strategic purposes.

No strategic investments were disposed during 2022/23, and these were no transfers of any cumulative gain or loss within equity relating to these investments.

### 23.2 Financial investments at Fair value through profit or loss (FVTPL)

For the year ended 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Quoted equity securities	23.2.1	142,024	335,120	44,296	212,137
Investments in unit trusts	23.2.2	699,623	1,160,027	-	-
		841,647	1,495,147	44,296	212,137

#### 23.2.1 Quoted equity securities

As at 31 March,	Group				Company			
	2023		2022		2023		2022	
	No. of shares	Fair value Rs.'000						
<b>Bank finance &amp; insurance</b>								
Vallibal Finance PLC	45,296	1,363	45,296	3,288	-	-	-	-
LB Finance PLC	31,772	1,271	31,772	2,160	-	-	-	-
Nation Trust Bank PLC	52,411	2,421	52,411	2,883	-	-	-	-
Commercial Bank of Ceylon PLC	345,046	41,735	332,407	32,792	-	-	-	-
DFCC Bank PLC (Ordinary shares)	28,741	611	27,428	564	-	-	-	-
Hatton National Bank PLC - Voting	226,315	4,060	214,787	14,427	-	-	-	-
		51,461		56,114		-		-
<b>Hotel and travels</b>								
The Kingsbury Hotel PLC	388,850	7,349	388,850	3,925	-	-	-	-
John Keells Hotels PLC	1,237,200	12,248	1,237,200	9,897	-	-	-	-
		19,597		13,822		-		-
<b>Construction and Engineering</b>								
Colombo Dockyard PLC	13,543	123	13,543	123	-	-	-	-
		123		123		-		-

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,	Group				Company			
	2023		2022		2023		2022	
	No. of shares	Fair value Rs.'000						
<b>Manufacturing</b>								
ACL Cables PLC	-	-	29,581	2,965	-	-	-	-
Kelani Cables PLC	3,988	1,036	3,988	1,953	-	-	-	-
Dipped Products PLC	58,227	1,694	58,227	2,952	-	-	-	-
Royal Ceramics Lanka PLC	38,503	1,090	38,503	3,007	-	-	-	-
Lanka Wall Tiles PLC	24,158	1,244	27,074	3,002	-	-	-	-
Lanka IOC PLC	-	-	29,998	2,196	-	-	-	-
Bukit Darah PLC	72,200	30,974	72,200	26,118	72,200	30,974	72,200	26,118
Hela Apparel Holdings PLC	666,667	5,333	666,667	8,600	666,667	5,333	666,667	8,600
		41,371		50,793		36,307		34,718
<b>Power &amp; Energy</b>								
Windforce Ltd	-	-	145,757	2,653	-	-	-	-
		-		2,653		-		-
<b>Diversified Investments</b>								
John Keells Holdings PLC	100,000	13,525	100,000	15,000	-	-	-	-
Hayleys Lanka PLC	-	-	8,829	1,148	-	-	-	-
Mangata Holding SA	71,660	1,620	71,660	2,952	-	-	-	-
Softlogic Holdings PLC	180,000	2,862	180,000	6,768	-	-	-	-
Softlogic Capital PLC	-	-	27,335,659	169,481	-	-	27,335,659	169,481
Browns Capital PLC	-	-	-	-	-	-	-	-
Browns Investments PLC	139,043	973	139,043	2,266	-	-	-	-
LOLC Holdings PLC	2,651	1,055	2,651	3,080	-	-	-	-
Expolanka Holdings PLC	7,946	1,448	7,946	2,982	-	-	-	-
Carson Cumberbatch PLC	29,400	7,989	29,400	7,938	29,400	7,989	29,400	7,938
		29,472		211,615		7,989		177,419
<b>Total quoted equity securities -FVTPL</b>		142,024		335,120		44,296		212,137

## 23.2.2 Investments in unit trusts

As at 31 March,	Group				Company			
	2023		2022		2023		2022	
	No. of shares	Fair value Rs.'000						
JB Vantage Money Market Fund	641,151	22,120	11,338,213	333,173	-	-	-	-
NDB Wealth Money Plus Fund	19,244,230	491,663	214,583	5,317	-	-	-	-
First Capital Money Market Fund	13,350	31,097	32,540	66,397	-	-	-	-
NDB Wealth Money Fund	4,994,500	127,602	30,075,859	652,369	-	-	-	-
Asia Security Money Market Fund	1,136,123	13,320	4,784,826	51,534	-	-	-	-
Comtrust Money Market Fund	1,034,376	13,821	4,089,678	51,237	-	-	-	-
<b>Total unit trust investment -FVTPL</b>		699,623		1,160,027		-		-

### 23.2.3 Government Securities

Government securities consist of treasury bills and treasury bonds held for trading purposes which are measured at fair value through profit or loss.

### 23.3 Financial investments at amortised cost

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Non current investments</b>					
Corporate debentures		1,368,889	1,820,763	50,042	50,048
Sri Lanka Development Bonds		929,857	1,186,384	-	-
Sri Lanka Sovereign Bonds		189,082	100,004	-	-
Term Deposits		2,389,070	359,630	-	-
Loans granted to subsidiaries	23.3.1	-	-	763,524	1,627,540
		4,876,898	3,466,781	813,566	1,677,588
<b>Current investments</b>					
Government Securities	23.3.2	620,032	248,613	-	-
Corporate debentures		328,523	27,926	-	-
Bank Deposits	23.3.3	27,726,223	26,228,834	-	-
Loans granted to subsidiaries	23.3.1	-	-	4,791,144	6,575,438
		28,674,778	26,505,373	4,791,144	6,575,438

#### 23.3.1 Loans granted to subsidiaries

As at 31 March,	Note	Company	
		2023 Rs.'000	2022 Rs.'000
Balangoda Plantations PLC		937,943	3,385,967
Madulsima Plantations PLC		4,141,311	3,364,959
Negombo Beach Resorts (Pvt) Ltd		809,438	809,438
Lanka Bell Limited		4,520,842	3,655,608
Provision for impairment	23.3.1.1	(4,854,866)	(3,012,994)
		5,554,668	8,202,978
Loans recoverable within one year		4,791,144	6,575,438
Loans recoverable after one year		763,524	1,627,540
		5,554,667	8,202,978

The Company has granted loans to its subsidiary companies at a interest rate of AWPLR+(0.5%-2%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

## 23.3.1.1 Provision for impairment

As at 31 March,	Company	
	2023 Rs.'000	2022 Rs.'000
Balance at the beginning	3,012,994	2,847,747
Net charge for the year	1,841,872	165,247
Balance at the end	4,854,866	3,012,994

## 23.3.2 Government Securities

Government securities consist of Treasury bills which are measured at amortised cost using the effective interest rate.

## 23.3.3 Bank Deposits

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

## 23.4 Investments that have been pledged

The investments that are pledged for liabilities are disclosed in Note 43 to these financial statements if any.

## 24 Inventories

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Raw materials		4,273,653	3,245,624	-	-
Packing material		2,454,089	640,507	-	-
Work in progress		1,892,879	1,040,619	-	-
Finished goods		2,372,218	978,164	-	-
Drugs, disposables, Reagents and vaccine		170,736	113,300	-	-
Harvested crop		460,827	388,006	-	-
Produce Stock		332,990	275,619	-	-
Biological Assets-Nurseries		14,442	17,040	-	-
CDMA and Non - CDMA equipment		693,876	684,562	-	-
Input materials, consumables and spares		3,719,660	2,900,006	969	1,048
Goods in transit		13,061	1,570	-	-
		16,398,431	10,285,017	969	1,048
Provision for slow moving and obsolete inventories	24.1	(1,276,237)	(577,009)	-	-
		15,122,194	9,708,008	969	1,048

## 24.1 Provision for slow moving and obsolete inventories

As at 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 01st April	577,009	535,363	-	-
Exchange difference	273	-	-	-
Charge for the year	699,403	41,646	-	-
Written-off during the period	(448)	-	-	-
Balance as at 31st March	1,276,237	577,009	-	-

## 24.2 Inventories that have been pledged

The Inventories that are pledged for long term borrowings are disclosed in Note 43 to these financial statements if any.

## 25 Trade and other receivables

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Financial assets</b>					
Trade receivables		25,401,358	20,891,588	882	330
Other financial receivables		3,137,587	7,147,633	192	192
Insurance contract receivables		2,382,055	1,772,429	-	-
Employee related debtors		151,915	104,028	-	-
Refundable deposits and advances		4,503,708	436,312	146	146
		35,576,623	30,351,990	1,220	668
Provision for impairment loss on financial assets	25.1	(3,459,183)	(2,356,804)	-	-
		32,117,440	27,995,186	1,220	668
<b>Non financial assets</b>					
Prepayments and advances		4,484,823	4,173,874	6,643	4,987
Accrued income		30,435	303,970	-	3,225,649
Deferred Revenue asset		28,421	26,199	21,142	22,169
Other non financial receivables		197,852	48,621	-	-
Tax Receivables		303,754	324,113	203	84
		5,045,285	4,876,777	27,988	3,252,889
		37,162,725	32,871,963	29,208	3,253,557

### 25.1 Provision for impairment

As at 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 01st April	2,356,804	2,309,482	-	-
Net charge for the year	1,102,379	47,322	-	-
Balance as at 31st March	3,459,183	2,356,804	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 26 Other current assets

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Property, plant and equipment	15	565,404	582,910	-	-
Right-of-use asset	19	995	592	-	-
		566,399	583,502	-	-

## 27 Cash and cash equivalents

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Favourable balances classified under current assets</b>					
Short term deposits	27.1	5,892,476	3,328,455	-	-
Cash at bank and Cash in hand		17,043,369	21,524,736	170,022	212,665
Cash in transit		49,728	49,445	-	-
<b>Total</b>		<b>22,985,573</b>	<b>24,902,636</b>	<b>170,022</b>	<b>212,665</b>
<b>Unfavourable balances classified under current liabilities</b>					
Bank overdrafts and Other short term borrowings		(29,595,358)	(23,423,392)	(7,630,054)	(10,721,143)
<b>Total</b>		<b>(29,595,358)</b>	<b>(23,423,392)</b>	<b>(7,630,054)</b>	<b>(10,721,143)</b>
		<b>(6,609,785)</b>	<b>1,479,244</b>	<b>(7,460,032)</b>	<b>(10,508,478)</b>

### 27.1 Short term deposits

As at 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Government securities which matures within 3 months	11,011	5,006	-	-
Fixed deposits / Call Deposits which matures within 3 months	5,881,465	3,323,449	-	-
	5,892,476	3,328,455	-	-

#### 27.1.1 Short term deposits that have been pledged

The Short term deposits that are pledged for long term borrowings are disclosed in Note 43 to these financial statements if any.

## 28 Assets held for Sale

Consequent to the decision made by the Group to divest from the ship owning business in 2007/2008 and the sale of ships by the Group's ship owning companies, the Group recognised the fair values of the investments in Ceyaki Shipping (Pvt) Ltd and Ceyspence (Pvt) Ltd under assets classified as held for sale. Further, the fair values of the Group's investment in Spence International (Pvt) Ltd., Aitken Spence Overseas Travel Services (Pvt) Ltd and Western Power Holdings (Pvt) Ltd are also treated under assets classified as held for sale upon the decision made to liquidate these companies. The decision to liquidate Aitken Spence Overseas Travel Services (Pvt) Ltd and Western Power Holdings (Pvt) Ltd were made during the current financial year. The liquidation of these companies are not yet concluded.

During the period under review subsidiary company Ace Resorts (Pvt) Ltd., disposed its leasehold rights of the Raafushi Island which was previously included under assets classified as held for sale.

As at 31 March,	Group	
	2023 Rs.'000	2022 Rs.'000
Share of net assets of equity accounted investees classified as held for sale	149,125	141,446
Net current assets of group companies classified as held for sale	20,296	22,679
Carrying amount of the leasehold rights classified as held for sale	-	1,586,969
Carrying amount of the property, plant and equipment classified as held for sale	23,999	
	193,420	1,751,094

There were no discontinued operations recognised in the income statement during the year.

## 29 Stated capital

As at 31 March,	2023		2022	
	No. of shares	Value of shares Rs.'000	No. of shares	Value of shares Rs.'000
Balance at the beginning of the year	1,165,397,072	70,000,000	1,165,398,072	89,100,000
Repurchase and cancellation of shares	-	-	(1,000)	-
Capital Reduction	-	-	-	(19,100,000)
	1,165,397,072	70,000,000	1,165,397,072	70,000,000

As at 31 March,	Group / Company 2023	Group / Company 2022
	No. of shares	No. of shares
Fully Paid Voting Shares	1,165,397,072	1,165,397,072
	1,165,397,072	1,165,397,072

The Company's stated capital consist with fully paid ordinary shares which provides entitlement to its holders to receive dividends as declared from time to time and to vote per share at a meeting of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 Reserves

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Capital reserves</b>					
Revaluation reserve	30.1	12,746,950	11,287,818	109,382	116,308
Capital reserve	30.2	19,112,137	19,112,137	19,100,000	19,100,000
Reserve fund	30.3	20,491	20,491	-	-
<b>Total capital reserves</b>		<b>31,879,578</b>	<b>30,420,446</b>	<b>19,209,382</b>	<b>19,216,308</b>
<b>Revenue reserves</b>					
General reserve	30.4	5,565,993	4,341,675	-	-
Exchange fluctuation reserve	30.5	6,881,280	5,708,382	-	-
Timber reserve	30.6	2,720,658	2,045,527	-	-
Fair value reserve	30.7	(3,105,378)	(2,875,372)	(7,529,806)	(7,092,825)
Cash flow hedge reserve	30.8	(968,542)	(855,538)	-	-
<b>Total revenue reserves</b>		<b>11,094,011</b>	<b>8,364,674</b>	<b>(7,529,806)</b>	<b>(7,092,825)</b>
<b>Total reserves</b>		<b>42,973,589</b>	<b>38,785,120</b>	<b>11,679,576</b>	<b>12,123,483</b>

### 30.1 Revaluation reserve

Revaluation reserve relates to the amount by which the Group has revalued its property, plant and equipment. There were no restrictions on distribution of these balances to the shareholders.

### 30.2 Capital reserve

Capital reserve comprises profits retained in order to utilise for the capital commitments. This is a non distributable reserve.

### 30.3 Reserve fund

Reserve fund was created to comply with the Direction No.1 of 2003 (Capital funds) issued by the Central Bank. The Company is required to transfer 5% of annual profits to this reserve fund as long as the capital funds are not less 25% of total deposit liabilities.

### 30.4 General reserve

General reserve reflects the amount the Group has reserved over the years from its earnings.

### 30.5 Exchange fluctuation reserve

Exchange fluctuation reserve comprises of all foreign exchange differences arising from the translation of foreign subsidiaries in the Group.

### 30.6 Timber reserve

This represents the unrealised gains arising from the fair value of consumable biological assets ( Timber plantations) until the assets are derecognised or impaired.

### 30.7 Fair value reserve

This represents the cumulative net change in the fair value of equity securities designated at fair value through OCI.

### 30.8 Cash flow hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

## 31 Interest bearing loans and borrowings

### 31.1 Term loans

As at 31 March,	Group	
	2023 Rs.'000	2022 Rs.'000
Balance as at 01st April	60,967,666	46,511,441
Acquisition of subsidiaries	996,235	555,228
Exchange difference	5,646,907	14,832,690
New loans obtained	540,667	1,472,563
Capital repayment	(10,045,511)	(3,307,704)
Interest expense		
- Charged to the income statement	6,847,094	2,467,973
- Interest expenses Capitalised	1,132,438	629,538
- Converted to new loans	(1,132,438)	(629,538)
Interest paid	(5,512,736)	(1,579,905)
Transaction cost	13,730	15,380
<b>Balance as at 31st March</b>	<b>59,454,052</b>	<b>60,967,666</b>
Repayable within one year	10,087,618	9,200,270
Repayable after one year	49,366,434	51,767,396
	<b>59,454,052</b>	<b>60,967,666</b>

#### 31.1.1 Browns Beach Hotel PLC

##### Shareholder Loans - Stassen Exports (Pvt) Ltd

Term Loans includes a Shareholder Loan advanced by Stassen Exports (Pvt) Ltd to Browns Beach Hotel PLC which is Repayable in 7 years with a grace period of two years. Interest linked to AWPLR+1%. No security provided. Date of Loan disbursement was 24th July 2017. The Group has ceased charging interest after 31-01-2022 with the view of converting the same to Equity.

# NOTES TO THE FINANCIAL STATEMENTS

## 31.1.2 Analysed by credit terms and security details of Term Loans

Company	Bank / financial institution/ Lender	Loan No.	Sector	Currency	Interest rate basis
Aitken Spence PLC	Hatton National Bank	Loan 1	Tourism	USD	LIBOR
		Loan 2	Tourism	USD	LIBOR
		Loan 3	Tourism	USD	Fixed rate
		Loan 4	Tourism	USD	Fixed rate
		Loan 5	Tourism	USD	LIBOR
		Loan 6	Tourism	LKR	Fixed rate
		Loan 7	Tourism	USD	LIBOR
		Loan 8	Tourism	LKR	Fixed rate
		Loan 9	Tourism	LKR	Fixed rate
		Loan 10	Tourism	LKR	Fixed rate
		Loan 11	Tourism	LKR	Fixed rate
		Loan 12	Tourism	USD	LIBOR
		Loan 13	Strategic	LKR	AWPLR
		Loan 14	Strategic	LKR	AWPLR
		Loan 15	Strategic	LKR	Fixed rate
				Loan 16	Strategic
DFCC Bank		Loan 1	Tourism	USD	LIBOR
		Loan 2	Tourism	LKR	AWPLR
		Loan 3	Tourism	LKR	AWPLR
		Loan 4	Tourism	USD	Fixed rate
		Loan 5	Tourism	LKR	Fixed rate
		Loan 6	Strategic	LKR	AWPLR
		Loan 7	Strategic	LKR	Fixed rate
		Loan 8	Strategic	LKR	Fixed rate
		Loan 9	Strategic	LKR	68% - Fixed rate & 32% - AWPLR
		Loan 10	Strategic	LKR	AWPLR
		Loan 11	Strategic	LKR	AWPLR
		Loan 12	Strategic	LKR	AWPLR
		Loan 13	Strategic	LKR	AWPLR
		Loan 14	Strategic	USD	LIBOR
		Loan 15	Services	LKR	AWPLR
The Hongkong and Shanghai Banking Corporation		Loan 1	Tourism	EUR	EURIBOR
		Loan 2	Tourism	OMR	CBO T-Bill rate
		Loan 3	Tourism	USD	SOFR
		Loan 4	Tourism	EUR	EURIBOR
		Loan 5	Tourism	EUR	EURIBOR
		Loan 6	Tourism	USD	SOFR
		Loan 7	Strategic	EUR	EURIBOR
People's Bank		Loan 1	Tourism	USD	LIBOR
		Loan 2	Tourism	USD	LIBOR
		Loan 3	Tourism	USD	Fixed rate
		Loan 3	Tourism	USD	LIBOR
		Loan 4	Strategic	LKR	AWPLR
		Loan 5	Strategic	LKR	Fixed rate
ABANCA Corporation Bancaria		Loan 1	Tourism	EUR	EURIBOR

Secured	Repayment terms	Maturity	LKR equivalent 31.03.2023 Rs.'000
Yes	Repayment commenced. Monthly instalments.	Mar-2030	10,757,938
Yes	Repayment commenced. Monthly instalments.	Mar-2026	1,615,826
Yes	60 Monthly instalments starting Aug-2024.	Jul-2031	290,646
Yes	Repayment commenced. Monthly instalments.	Sep-2023	155,354
Yes	Repayment commenced. Monthly instalments.	Apr-2023	40,893
No	Repayment commenced. Monthly instalments.	Sep-2023	36,540
Yes	Repayment commenced. Monthly instalments.	Nov-2024	33,628
No	Repayment commenced. Monthly instalments.	Sep-2023	10,870
No	Repayment commenced. Monthly instalments.	Sep-2023	5,425
No	Repayment commenced. Monthly instalments.	Oct-2023	2,060
No	Repayment commenced. Monthly instalments.	Oct-2023	1,091
Yes	Fully settled during the financial year.	May-2024	-
Yes	29 Quarterly instalments starting Jun-2023.	Jun-2029	1,754,321
Yes	Repayment commenced. Monthly instalments.	Jun-2027	255,124
Yes	12 Monthly instalments starting May-2023.	May-2024	174,838
No	24 Quarterly instalments starting May-2023.	Jul-2029	65,386
			15,199,940
Yes	Repayment commenced. Monthly instalments.	Mar-2030	7,910,936
Yes	71 Monthly instalments starting Nov-2023.	Oct-2029	542,097
Yes	71 Monthly instalments starting Nov-2023.	Oct-2029	467,160
Yes	Fully settled during the financial year.	Oct-2023	-
Yes	Fully settled during the financial year.	Jun-2024	-
Yes	29 Quarterly instalments starting Jun-2023.	Jun-2029	1,754,322
Yes	Repayment commenced. Monthly instalments.	Sep-2026	331,118
Yes	12 Monthly instalments starting May-2023.	May-2024	174,838
Yes	Repayment commenced. Monthly instalments.	Aug-2025	156,712
Yes	Repayment commenced. Monthly instalments.	Jan-2026	30,298
Yes	Fully settled during the financial year.	Mar-2023	-
Yes	Fully settled during the financial year.	Mar-2023	-
Yes	Fully settled during the financial year.	Sep-2022	-
Yes	Fully settled during the financial year.	Jun-2022	-
No	Repayment commenced. Monthly instalments.	May-2025	99,600
			11,467,081
Yes	Repayment commenced. Monthly instalments and 75% final balloon payment.	Apr-2025	5,704,697
Yes	20 Quarterly instalments starting Aug-2023.	May-2028	1,865,541
Yes	Bullet repayment at maturity.	Mar-2026	1,570,892
Yes	Repayment commenced. Monthly instalments and 75% final balloon payment.	Jul-2024	639,767
Yes	Restructured during the financial year.	Jul-2022	-
Yes	Fully settled during the financial year.	Dec-2022	-
	Fully settled during the financial year.	Sep-2022	-
			9,780,897
Yes	Repayment commenced. Quarterly instalments.	Oct-2026	3,780,839
Yes	Repayment commenced. Monthly instalments.	Nov-2024	613,388
Yes	Repayment commenced. Monthly instalments.	Nov-2024	352,759
Yes	Fully settled during the financial year.	Mar-2023	-
Yes	29 Quarterly instalments starting Jun-2023.	Jun-2029	2,631,481
Yes	12 Monthly instalments starting May-2023.	May-2024	262,257
			7,640,724
Yes	Repayment commenced. Quarterly instalments and 72% final bullet repayment at maturity.	Apr-2025	5,649,655
			5,649,655

# NOTES TO THE FINANCIAL STATEMENTS

Company	Bank / financial institution/ Lender	Loan No.	Sector	Currency	Interest rate basis
	DEG - German Investment Corporation	Loan 1	Strategic	USD	LIBOR
	Bank of Ceylon	Loan 1	Strategic	LKR	AWPLR
		Loan 2	Strategic	LKR	Fixed rate
	Habib Bank	Loan 1	Tourism	LKR	CBSL T-Bill rate
		Loan 2	Tourism	LKR	AWPLR
		Loan 3	Tourism	LKR	CBSL T-Bill rate
	Muslim Commercial Bank	Loan 1	Strategic	LKR	AWPLR
	Commercial Bank of Ceylon	Loan 1		LKR	76% - Fixed rate & 24% - AWPLR
	Sampath Bank	Loan 1	Tourism	LKR	Fixed Rate
	Seylan Bank PLC	Loan 1	Strategic	LKR	Fixed Rate
	Transaction cost to be amortised				
	<b>Total</b>				
<b>Negombo Beach Resort (Pvt) Ltd</b>	Hatton National Bank	Loan 1	Tourism	LKR	Linked to AWPLR
		Loan 2	Tourism	LKR	Linked to AWPLR
		Loan 3	Tourism	LKR	Linked to AWPLR
		Loan 4	Tourism	LKR	Linked to AWPLR
		Loan 5	Tourism	LKR	Linked to AWPLR
		Loan 6	Tourism	LKR	Linked to AWPLR
	Stassen Exports (pvt) Ltd	Shareholder Loan 1	Tourism	LKR	Linked to AWPLR
	<b>Total</b>				
<b>Texpro Industries (Pvt) Ltd</b>	Hatton National Bank	Loan 1	Dyeing & Printing of greige	USD	Linked to LIBO
	Bank of Ceylon	Loan 1	Dyeing & Printing of greige	USD	Linked to LIBO
	People's Bank	Loan 1	Dyeing & Printing of greige	LKR	Fixed Annual
	<b>Total</b>				
<b>Melsta Laboratories (Pvt) Ltd</b>	Commercial Bank of Ceylon PLC	Loan 1	Healthcare	LKR	Fixed Annual Interest Rate
		Loan 2	Healthcare	LKR	Fixed Annual Interest Rate
	<b>Total</b>				
<b>Total</b>					

Secured	Repayment terms	Maturity	LKR equivalent 31.03.2023 Rs.'000
No	Repayment commenced. Semi-annual instalments.	Jan-2026	3,995,086
			3,995,086
	29 Quarterly instalments starting Jun-2023.	Jun-29	1,756,025
	12 Monthly instalments starting May-2023.	May-24	174,838
			1,930,863
Yes	Repayment commenced. Quarterly instalments.	Mar-2026	665,075
Yes	Restructured during the financial year.	Jul-2022	-
Yes	Restructured during the financial year.	Jul-2022	-
			665,075
Yes	Repayment commenced. Monthly instalments.	Aug-23	10,426
			10,426
Yes	Repayment commenced. Monthly instalments.		245,877
			245,877
Yes	Repayment commenced. Monthly instalments	Nov-2023	881
			881
No	Repayment commenced. Monthly instalments	Sep-2022	-
			-
			(19,027)
			56,567,478
Yes	120 Monthly instalments commencing from March 2017	Feb-2027	989,234
Yes	120 Monthly instalments commencing from November 2017	Feb-2027	571,201
Yes	Jaya-Isuru-Scheme repayable in 24 monthly instalments commencing from October 2019	Sep-2021	156,720
Yes	Interest of two term loans from April 2019 to March 2020 have accrued and capitalised to a term loan	Feb-2027	214,569
Yes	Interest of two term loans from April 2021 to March 2022 have accrued and capitalised to a term loan		171,814
Yes	Interest of two term loans from April 2021 to July 2023 have accrued and capitalised to a term loan		156,238
No	Repayable in 7 years with a grace period of two years.	Jul-2024	189,943
			2,449,719
Yes	59 Equal monthly instalments of USD 8,400 + USD 4,400 in 60th Month	Sep-2026	116,601
			116,601
Yes	First 24 Months - \$ 3000 and 25- 60 months at \$ 9,223	Mar-2027	120,388
			120,388
Yes	In equal monthly instalment a period of 18 months	Sep-2022	110,811
			110,811
			347,890
No	48 monthly instalments commencing from Jan 2022	Dec-2025	34,370
No	48 monthly instalments commencing from March 2022	Feb-2026	54,688
			89,058
			59,454,052

# NOTES TO THE FINANCIAL STATEMENTS

## 32 Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised due to application of SLFRS 16 - Lease, and its movements for the period ended 31 March 2023.

As at 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April	19,272,129	14,521,555	30,195	-
Exchange difference	1,938,328	5,584,784	-	-
Remeasurement of Right of Use Asset and other adjustments	72,682	354,523	-	-
New leases obtained	134,834	496,237	-	36,088
Payment of lease liabilities	(3,488,091)	(2,475,409)	(8,326)	(8,326)
Termination of existing leases	(50,045)	(128,432)	-	-
Acquisition of Subsidiaries	25,827	6,775	-	-
Interest expense				
- Charged to the income statement	1,257,081	909,897	1,990	2,433
- Capitalised under biological assets	-	2,199	-	-
<b>Balance as at 31st March</b>	<b>19,162,745</b>	<b>19,272,129</b>	<b>23,859</b>	<b>30,195</b>
<b>Current portion of lease liabilities</b>	<b>2,579,560</b>	<b>2,240,653</b>	<b>7,242</b>	<b>6,336</b>
<b>Non-current portion of lease liabilities</b>	<b>16,583,185</b>	<b>17,031,476</b>	<b>16,617</b>	<b>23,859</b>

The above lease liability consist of the lease liabilities relating to the following components recognised within the group.

Component	Asset type
Balangoda Plantations PLC	Lease hold right to JEDB/SLSPC Land
Aitken Spence PLC	Lease hold right of lands, Buildings, Motor vehicles used in the business
Madulsima Plantations PLC	Lease hold right to JEDB/SLSPC Land
Melstacorp PLC	Lease hold right to building

## 33 Retirement benefit obligations

### 33.1 Movement in present value of defined benefit obligations

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at beginning of the year		3,912,802	3,587,806	11,756	10,552
Acquisition of subsidiaries		-	3,502	-	-
Benefits paid by the plan		(435,383)	(379,297)	(2,896)	-
Exchange Difference		19,186	68,343	-	-
Expense recognised in the in the income statement	33.1.1	522,570	683,990	6,230	3,461
Actuarial (gain) / loss recognised in other comprehensive income		(4,479)	(51,542)	1,607	(2,257)
<b>Balance as at the end of the year</b>		<b>4,014,696</b>	<b>3,912,802</b>	<b>16,697</b>	<b>11,756</b>

The retirement benefit obligations of the Group is based on both internally developed method as recommended by Sri Lanka Accounting Standard No 19 "Employee Benefits" and the actuarial valuation carried out by Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries.

### 33.1.1 Expense recognised in the in the income statement

As at 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Current service costs	105,345	458,949	4,671	2,224
Past service costs	-	(58,390)	-	(348)
Interest costs	417,225	283,431	1,559	1,585
	522,570	683,990	6,230	3,461

As per guidelines issued by the Institute of Chartered Accountants of Sri Lanka, The discount rates have been adjusted to convert the coupon-bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing retirement benefit obligation as per LKAS 19 – " Employee Benefits " Further salary increment rates of 5%-17% is considered appropriate to be in line with the Group's targeted future salary increment taking into account the current market conditions.

### 33.1.2 Actuarial assumptions

Principal actuarial assumptions at the reporting date

As at 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Discount rate (%)	15%-18.88%	11-15.5%	18.88%	11-15.5%
Future salary increases (%)	5%-17%	5%-11%	10%	10%
Retirement age (years)	60-75 Years	60-75 Years	60-75 Years	60-75 Years
Staff turnover (%)	10%-37%	10%-20%	36.92%	18%

### 33.1.3 Maturity analysis of the payments

As at 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Within one year	541,384	537,888	1,183	16
Between 1-2 years	755,271	635,349	-	270
Between 2-5 years	829,009	705,208	583	3,200
Beyond 5 years	1,889,032	2,034,357	14,931	8,270
	4,014,696	3,912,802	16,697	11,756

# NOTES TO THE FINANCIAL STATEMENTS

## 33.3 Sensitivity of assumptions used

If one percentage increase in the assumptions, would have the following effects,

Effect on define benefit obligation liability,

As at 31 March,	Group		Company		Group		Company	
	2023				2022			
	Discount rate	Salary increment rate						
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Increase by 1%	(201,728)	250,595	340	(376)	(200,154)	265,202	105	(463)
Decrease by 1%	238,283	(215,390)	(351)	370	239,213	(225,812)	(439)	481
Effect on Comprehensive Income,								
Increase by 1%	201,728	(250,595)	(340)	376	200,154	(265,202)	(105)	463
Decrease by 1%	(238,283)	215,390	351	(370)	(239,213)	225,812	439	(481)

## 34 Other liabilities

As at 31 March,	Note	Group	
		2023	2022
		Rs.'000	Rs.'000
<b>Non current liabilities</b>			
Deferred grants and subsidies	34.1	244,437	258,916
Amounts due to equity accounted investees	34.3	418,493	481,452
		662,930	740,368
<b>Current liabilities</b>			
Deferred revenue	34.2	17,512	5,150
		17,512	5,150

### 34.1 Deferred grants and subsidies

As at 31 March,	Group	
	2023	2022
	Rs.'000	Rs.'000
Balance at the beginning of the year	258,916	272,461
Grants received during the year	-	1,182
Amortisation for the year	(14,479)	(14,727)
Balance at the end of the year	244,437	258,916

The Balangoda Plantation PLC and Madulsima Plantation PLC have received funding from the Plantation Housing and Social Welfare Trust and Plantation Development Project (PDP) for the development of workers facilities such as re-roofing of line rooms, latrines, water supply, sanitation and roads etc. The amounts spent are included under the relevant classification of property, plant & equipment and the grant component is reflected under Deferred Grants and Subsidies. Grants are amortised over the life of the assets for which they are being deployed.

The above amount represent funding received by Balangoda Plantations PLC and Madulsima Plantations PLC from various governmental and non-governmental Institutions for social and infrastructure development of estates.

### 34.2 Deferred revenue

As at 31 March,	Group	
	2023 Rs.'000	2022 Rs.'000
Balance at the beginning of the year	5,150	5,010
Revenue received during the year	26,026	13,596
Deferred revenue recognised during the year	(13,664)	(13,456)
Balance at the end of the year	17,512	5,150
Deferred revenue to be recognised within one year	17,512	5,150
Deferred revenue to be recognised after one year	-	-
	17,512	5,150

This balance represents the revenue received in advance related to the telecommunication sector of the Group.

### 34.3 Amounts due to equity accounted investees

This represents the long term advances received by Aitken Spence PLC group from its equity accounted investees.

### 35 Trade and other payables

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Financial liabilities</b>					
Trade payables		9,944,826	8,180,414	-	-
Insurance contract liabilities		5,506,340	3,759,476	-	-
Dividend payable		11,065	3,361,333	-	3,146,572
Other financial liabilities		11,181,893	19,546,470	9,151	2,163
Refundable advances and deposits		1,089,072	950,865	-	263
		27,733,196	35,798,558	9,151	3,148,998
<b>Non financial liabilities</b>					
Accrued expenses		3,531,764	3,785,080	3,345	4,272
Other non financial liabilities		4,121,623	3,583,813	-	-
Direct and indirect taxes payables	35.1	7,244,746	6,885,248	7,871	30
Unclaimed dividends		348,127	271,634	118,103	69,720
		15,246,260	14,525,775	129,319	74,022
		42,979,456	50,324,333	138,470	3,223,020

# NOTES TO THE FINANCIAL STATEMENTS

## 35.1 Direct and indirect taxes payables

As at 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Excise duty payable	4,353,367	5,291,798	-	-
Value added tax (VAT) payable	1,816,948	1,212,390	3,045	-
Other statutory payables	1,074,431	381,060	4,826	30
	<b>7,244,746</b>	<b>6,885,248</b>	<b>7,871</b>	<b>30</b>

## 36 Related party disclosures

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) "Related Party Disclosures", the details of which are reported below. 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.

Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

### 36.1 Balances with related parties

#### 36.1.1 Amounts due from related parties

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Subsidiaries	36.1.3	-	-	616,862	2,313,973
Equity accounted investees	36.1.4	552,907	206,381	-	-
Other related companies	36.1.5	13,470	11,578	-	-
		<b>566,377</b>	<b>217,959</b>	<b>616,862</b>	<b>2,313,973</b>

#### 36.1.2 Amounts due to related parties

As at 31 March,	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Subsidiaries	36.1.3	-	-	473,284	391,688
Equity accounted investees	36.1.4	1,767,170	1,323,502	-	-
Other related companies	36.1.5	550,657	643,017	-	-
		<b>2,317,827</b>	<b>1,966,519</b>	<b>473,284</b>	<b>391,688</b>

### 36.1.3 Subsidiaries

As at 31 March,	Group				Company			
	Amounts due from		Amounts due to		Amounts due from		Amounts due to	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Bell Solutions (Pvt) Ltd	-	-	-	-	183,532	483	-	-
Bellvantage (Pvt) Ltd	-	-	-	-	-	34	113	-
Continental Insurance Lanka Limited	-	-	-	-	9,916	9,950	-	-
Distilleries Company of Sri Lanka PLC	-	-	-	-	-	-	471,354	390,793
Lanka Bell Ltd	-	-	-	-	-	-	53	46
Melsta Health (Pvt) Ltd	-	-	-	-	145,881	145,881	-	-
Melsta Laboratories (Pvt) Ltd	-	-	-	-	654	402	-	-
Melsta Logistics (Pvt) Ltd	-	-	-	-	543	281	-	-
Melsta Properties (Pvt) Ltd	-	-	-	-	-	-	1,592	795
Melsta Technologies (Private) Limited	-	-	-	-	524	207	-	-
Melsta Tower (Private) Limited	-	-	-	-	6,225	6,225	-	-
Milford Holdings (Pvt) Ltd	-	-	-	-	3,818,206	2,983,280	-	-
Periceyl (Pvt) Ltd	-	-	-	-	3	3	-	-
Splendor Media (Pvt) Ltd	-	-	-	-	23,112	240	-	-
Telecom Frontier (Pvt) Ltd	-	-	-	-	2,288	2,288	-	-
Texpro Industries Ltd	-	-	-	-	22,500	-	-	-
Melsta Healthcare Colombo (Pvt) Ltd	-	-	-	-	420,792	326,818	-	-
Formula World (Pvt) Ltd	-	-	-	-	-	-	172	54
	-	-	-	-	4,634,176	3,476,092	473,284	391,688
Provision for impairment of amounts due from subsidiaries (Note 36.1.3.1)	-	-	-	-	(4,017,314)	(1,162,119)	-	-
	-	-	-	-	616,862	2,313,973	473,284	391,688

#### 36.1.3.1 Provision for impairment

As at 31 March,	Company	
	2023 Rs.'000	2022 Rs.'000
Balance at the beginning	1,162,119	7,220
Net charge for the year	2,855,195	1,154,899
Balance at the end	4,017,314	1,162,119

### 36.1.4 Equity accounted investees

Balances due from/due to joint ventures, Ace Bangladesh Ltd, Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, CINEC Campus (Pvt) Ltd, CINEC Skills (Pvt) Ltd, EcoCorp Asia (Pvt) Ltd and balances due from/due to associates, AEN Palm Oil Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Browns Beach Hotels PLC, Elpitiya Plantations PLC, Negombo Beach Resorts (Pvt) Ltd, Paradise Resort Pasikudah (Pvt) Ltd, Serendib Investments Ltd are reflected under amount due from/ due to equity accounted investees.

# NOTES TO THE FINANCIAL STATEMENTS

## 36.1.5 Other related companies

As at 31 March,	Note	Group				Company			
		Amounts due from		Amounts due to		Amounts due from		Amounts due to	
		2023	2022	2023	2022	2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Ambewela Products (Pvt) Ltd		65	3,271	-	-	-	-	-	-
Elpitiya Plantations PLC		741	-	227	-	-	-	-	-
Lanka Aluminium Industries PLC		-	-	8,529	5,834	-	-	-	-
Lanka Dairies (Pvt) Ltd		95	331	-	-	-	-	-	-
Lanka Milk Foods (CWE) PLC		1,948	1,738	211	-	-	-	-	-
Milford Exports Ceylon (Pvt) Ltd		3,386	3,357	135,713	258,754	-	-	-	-
Stassen Exports (Pvt) Limited	36.1.1	4,458	944	405,958	378,429	-	-	-	-
Stassen International (Pvt) Limited		-	226	-	-	-	-	-	-
Stassen Foods (Pvt) Ltd		1,443	384	19	-	-	-	-	-
Stassen Natural Foods (Pvt) Ltd		-	4	-	-	-	-	-	-
Merbok MDF Lanka (Private) Limited		1,334	1,323	-	-	-	-	-	-
		13,470	11,578	550,657	643,017	-	-	-	-

**36.1.6** This represents the an interest free loan amounting to USD 1.212Mn from Stassen Exports (Private) Limited to Texpro Industries Limited. The Company has to settle this loan on demand. Hence, it has been classified under current liabilities and no fair value adjustments have been made.

## 36.2 Transactions with Related Parties

### 36.2.1 Transactions with Subsidiaries, Associates and Other Related Companies

Name of the Company	Names of Directors	Nature of Interest	Nature of Transaction	Transaction Value Rs.
Distilleries Company of Sri Lanka PLC	Mr. D.H.S.Jayawardena	Subsidiary Co.	Dividends received	8,653,355
	Mr. M.A.N.S.Perera ( Appointed w.e.f. 02.01.2023)		Rent Income	255,129
	Mr. C.R.Jansz		RPT Current A/C Interest Charged by DCSL	105,253
	Mr. N.De.S.Deva Aditya		Reimbursement of expenses by DCSL incurred on behalf of Melstacorp	16,625
	Mr. C.R.Jansz		Short-term loans received	71,690,000
	Cap.K.J.Kahanda		Short terms loans settled	68,045,000
	Dr. Naomal Balasuriya		Interests paid for Loans	780,056
	Mr. D.Hasitha.S Jayawardena			
	Ms. D.S.T Jayawardena (Appointed W.e.f 22.09.2022)			

Name of the Company	Names of Directors	Nature of Interest	Nature of Transaction	Transaction Value Rs.
Splendor Media (Pvt) Ltd.	Ms. D.S.T. Jayawardena	Subsidiary Co.	Advertising services obtained	1,294
			Rental Income	813
			Working capital loans granted	23,028
			Reimbursement of expenses by Melstacorp incurred on behalf of Splendor	582
Periceyl (Pvt) Limited	Mr. D.H.S. Jayawardena	Subsidiary Co.	Dividend Received	400,000
	Mr. A.L. Goonaratne (Resigned w.e.f 15.09.2022)		Loans disbursed	
	Mr. C.R.Jansz			
	Mr. D.Hasitha.S Jayawardena			
	Mr. M.A.N.S.Perera (Appointed w.e.f 02.01.2023)			
Milford Holding (Pvt) Ltd	Mr. D.H.S.Jayawardena Mr. C.R.Jansz Cap.K.J.Kahanda	Subsidiary Co.	Capital repayment	19,000
			Interest on RPT Advances received	11,927
			Interest on RPT Advances Given	825,982
Belvantage (Private) Ltd	Mr. A.L. Goonaratne (Resigned w.e.f 15.09.2022) Mr. M.A.N.S.Perera (Appointed w.e.f 02.01.2023) Mr. L.U.D. Fernando (Appointed w.e.f 26.09.2022)	Subsidiary Co.	Dividend Received	50,001
			Services Obtained	2,676
Melsta Health (Pvt) Ltd	Mr. D.H.S.Jayawardena Mr. A.L. Goonaratne (Resigned w.e.f 15.09.2022) Mr. C.R.Jansz Mr. D.Hasitha.S Jayawardena Mr. M.A.N.S.Perera ( Appointed w.e.f 02-01-2023)	Subsidiary Co.	Additional capital granted	80,000
Melsta Logistic (Pvt) Limited	Mr. A.L. Goonaratne (Resigned w.e.f 15.09.2022) Mr. M.A.N.S.Perera ( Appointed w.e.f 02-01-2023) Mr. L.U.D. Fernando (Appointed w.e.f 26.09.2022)	Subsidiary Co.	Vehicle Rentals and repairs	2,320
			Ground rent charged	2,139
			Dividend Received	202,500
Melsta Properties (Pvt) Ltd	Cap. K.J.Kahanda	Subsidiary Co.	Rentals charged	9,712
			Dividends received	17,489
Balangoda Plantations PLC	Mr. D.H.S.Jayawardena Mr. C.R.Jansz Mr. A.L. Goonaratne (Resigned w.e.f 15.09.2022) Mr. D.Hasitha.S Jayawardena Mr. M.A.N.S.Perera ( Appointed w.e.f 02-01-2023)	Subsidiary Co.	Loans Granted	-
			Interest on Loans	752,458
			Settlement of Loans with Int.	3,206,179
			Reimbursement of expenses	12,088
			Subscription to Right issue	2,009,091
			Refund on over subscribed shares	160,551

# NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Names of Directors	Nature of Interest	Nature of Transaction	Transaction Value Rs.
Madulsima Plantations PLC	Mr. D.H.S.Jayawardena	Associate Co.	Loans Granted	80,000
	Mr.D.Hasitha.S Jayawardena		Interest on Loans	931,812
	Mr. C.R.Jansz		Settlement of Loans with interest	235,400
	Mr. M.A.N.S.Perera ( Appointed w.e.f 02-01-2023)			
Continental Insurance Lanka Ltd		Subsidiary Co.	Dividend Received	1,173,000
			Insurance premiums paid	4,285
Lanka Bell Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Telephone and Internet charges	586
	Mr. C.R.Jansz		Advances given	865,233
	Mr. A.L. Goonaratne (Resigned w.e.f 15.09.2022)			
	Mr. M.A.N.S.Perera ( Appointed w.e.f 02.01.2023)			
Melsta Technologies (Pvt) Ltd		Subsidiary Co.	Dividends received	20,000
			Short Term Advances settled	-
			Rent income	872
			Reimbursement of expense incurred by MC on behalf of MTECH	1,355
Bell Solutions (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Purchase of IT Equipments and Software	1,634
	Mr. A.L. Goonaratne (Resigned w.e.f 15.09.2022)		Loans Granted	183,000
	Mr. M.A.N.S.Perera ( Appointed w.e.f 02.01.2023)			
Aitken Spence Travels (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Services obtained	2,785
Aitken Spence PLC	Mr. D.H.S.Jayawardena	Subsidiary Co.	Dividends received	817,257
	Mr. C.R.Jansz (appointed w.e.f 14.02.2023)			
	Ms. D.S.T Jayawardena			
	Mr. N.De.S.Deva Aditya			
Aitken Spence Printing and Packaging (Pvt) Ltd	Mr. M.A.N.S.Perera ( Appointed w.e.f 25.04.2023)			
	Mr. D.H.S.Jayawardena	Subsidiary Co.	Printing Services Obtained	3,958
	Mr. A.L. Goonaratne (Resigned w.e.f 15.09.2022)	Subsidiary Co.	Interest charged on share holder loan	93,974
	Mr. M.A.N.S.Perera ( Appointed w.e.f 02.01.2023)			
Mr. L.U.D.Fernando (Appointed w.e.f 26.09.2022)				
Stassen Exports (pvt) Ltd	Mr. D.H.S.Jayawardena		Reimbursment of expenses	942
	Mr. C.R.Jansz			
	Mr. D.Hasitha.S Jayawardena			
	Ms. D.S.T. Jayawardena			

Name of the Company	Names of Directors	Nature of Interest	Nature of Transaction	Transaction Value Rs.
Melsta Laboratories (Pvt) Ltd	Mr. A.L. Goonaratne (Resigned w.e.f 15.09.2022)	Subsidiary Co.	Rent income	11,354
	Mr. M.A.N.S.Perera (Appointed w.e.f 02.01.2023)		Laboratory services obtained	9
	Mr. L.U.D.Fernando (Appointed w.e.f 26.09.2022)		Reimbursement of expenses made by MLAB on behalf of Melstacorp	368
Formula World (Pvt) Ltd			Vehicle repair charges	1,197
Lanka Milk Foods (CWE) PLC	Mr. D.H.S.Jayawardena	Affiliated Co.	Dividend Received	96,271
	Mr. C.R.Jansz			
	Mr. D.Hasitha.S Jayawardena			
	Ms. D.S.T. Jayawardena			
Melsta GAMA (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Additional Capital Granted	100,000
	Cap.K.J.Kahanda			
	Mr. L.U.D.Fernando (Appointed w.e.f.17.10.2022)			
Texpro Industries Limited	Mr. D.H.S.Jayawardena	Subsidiary Co.	Temporary Financial Assistance made	22,500
	Mr. A.L. Goonaratne (Resigned w.e.f 15.09.2022)			

### 36.2.2 Transactions with Key Management Personnel

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) and their immediate family member have been classified as Key Management Personnel of the Company.

The immediate family member is defined as spouse or dependent. Dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs.

#### 36.2.2.1 Compensations to Key Management Personnel

There were no compensation paid to Key Management Personnel during the year other than those disclosed below.

For the year ended 31 March,	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Short term employee benefits	1,436,856	1,022,647	76,088	52,254
Post employment benefits	9,530	5,665	-	-

#### 36.2.2.2 Loans to Directors

There were no loans granted to Directors during the year.

**36.2.3** There are no non-recurrent related party transactions exceeding 10% of the total assets of the entity as per audited financial statements, whichever is lower (CSE Ruling).

# NOTES TO THE FINANCIAL STATEMENTS

## 36.2.4 The Recurrent Related Party Transactions, where the aggregate value of the recurrent Related Party Transactions exceeds 10% of the Group gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity. (CSE Ruling).

Name of Related Party	Relationship	Nature of transaction	Aggregate value of Related Party Transactions entered into during the financial year (Rs.'000)	Aggregate value of Related Party Transactions as a % of Net Revenue/ Income	Terms and Conditions of the Related Party Transactions
Distilleries Company of Sri Lanka PLC	Subsidiary	Short-term loans received during the year	71,690,000	29%	Short Term Deposits are accpeted at the rate of medien of Average Weighted Prime Lending Rate (AWPR) and Average Weighted New Deposit Rate (AWNDR) reviewed weekly.
Distilleries Company of Sri Lanka PLC	Subsidiary	Short terms loans settled during the year	68,045,000	28%	

This inter-company lending/borrowing arrangement between Melstacorp PLC and the Company was introduced due to a significant increase in interest rates spread in bank deposit rates and bank lending rates prevailed during the period. The shareholders of the Company approved this arrangement in an Extraordinary General Meeting held on 24.11.2022 to comply with section 9.1.2 of CSE listing rules.

## 37 Financial instruments

### 37.1 Accounting classification of financial instruments

#### 37.1.1 Accounting classification of financial assets

As at 31 March,	Note	Group							
		Assets at amortised cost		Assets at fair value through profit and loss (FVTPL)		Assets at Fair Value through OCI		Total	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Assets as per balance sheet</b>									
<b>Non Current Assets</b>									
Other non current financial investments	23	4,876,898	3,466,781	-	-	26,492,054	26,640,276	31,368,952	30,107,057
<b>Current Assets</b>									
Trade and other receivables	25	32,117,440	27,995,186	-	-	-	-	32,117,440	27,995,186
Amounts due from related companies	36.1.1	566,377	217,959	-	-	-	-	566,377	217,959
Other current financial investments	23	28,674,778	26,505,373	841,647	1,495,147	-	-	29,516,425	28,000,520
Cash and cash equivalents	27	22,985,573	24,902,636	-	-	-	-	22,985,573	24,902,636
<b>Total</b>		<b>89,221,066</b>	<b>83,087,935</b>	<b>841,647</b>	<b>1,495,147</b>	<b>26,492,054</b>	<b>26,640,276</b>	<b>116,554,767</b>	<b>111,223,358</b>

As at 31 March,	Note	Company							
		Assets at amortised cost		Assets at fair value through profit and loss (FVTPL)		Assets at Fair Value through OCI		Total	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Assets as per balance sheet</b>									
<b>Non Current Assets</b>									
Other non current financial investments	23	813,566	1,677,588	-	-	24,067,142	24,504,123	24,880,708	26,181,711
<b>Current Assets</b>									
Trade and other receivables	25	1,220	668	-	-	-	-	1,220	669
Amounts due from related companies	36.1.1	616,862	2,313,973	-	-	-	-	616,862	2,313,973
Other current financial investments	23	4,791,144	6,575,438	44,296	212,137	-	-	4,835,440	6,787,575
Cash and cash equivalents	27	170,022	212,665	-	-	-	-	170,022	212,665
<b>Total</b>		<b>6,392,814</b>	<b>10,780,332</b>	<b>44,296</b>	<b>212,137</b>	<b>24,067,142</b>	<b>24,504,123</b>	<b>30,504,252</b>	<b>35,496,592</b>

### 37.1.2 Accounting classification of financial liabilities

As at 31 March,	Note	Group					
		Financial liabilities at fair value through profit or loss		Financial liabilities measured at amortised cost		Total	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Liabilities as per balance sheet</b>							
<b>Non current liabilities</b>							
Interest bearing loans and borrowings	31	-	-	49,366,434	51,767,396	49,366,434	51,767,396
Lease Liability	32	-	-	16,583,185	17,031,476	16,583,185	17,031,476
<b>Current Liabilities</b>							
Trade and other payables	35	-	-	27,733,196	35,798,558	27,733,196	35,798,558
Amount due to related companies	36.1.2	-	-	2,317,827	1,966,519	2,317,827	1,966,519
Interest bearing loans and borrowings	31	-	-	10,087,618	9,200,270	10,087,618	9,200,270
Bank overdrafts and other short term borrowings	27	-	-	29,595,358	23,423,392	29,595,358	23,423,392
Lease Liability	32	-	-	2,579,560	2,240,653	2,579,560	2,240,653
<b>Total</b>		<b>-</b>	<b>-</b>	<b>138,263,178</b>	<b>141,428,244</b>	<b>138,263,178</b>	<b>141,428,244</b>

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,	Note	Company					
		Financial liabilities at fair value through profit or loss		Financial liabilities measured at amortised cost		Total	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Liabilities as per balance sheet</b>							
<b>Non current liabilities</b>							
Lease Liability	32	-	-	16,617	23,859	16,617	23,859
<b>Current Liabilities</b>							
Trade and other payables	35	-	-	9,151	3,148,998	9,151	3,148,998
Amount due to related companies	36.1.2	-	-	473,284	391,688	473,284	391,688
Bank overdrafts and other short term borrowings	27	-	-	7,630,054	10,721,143	7,630,054	10,721,143
Lease Liability	32	-	-	7,242	6,336	7,242	6,336
<b>Total</b>		-	-	<b>8,136,348</b>	<b>14,261,829</b>	<b>8,136,348</b>	<b>14,261,829</b>

## 38 Fair value measurement

### 38.1 Fair value measurement hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, 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

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

As at 31 March,	Note	Group							
		Level 1		Level 2		Level 3		Total	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Non Current Assets</b>									
Property Plant and Equipment	15								
Freehold land		-	-	-	-	33,947,667	28,469,115	33,947,667	28,469,115
Freehold Buildings						71,068,567	68,175,336	71,068,567	68,175,336
Investment Properties	17								
Freehold land		-	-	-	-	6,779,166	6,503,778	6,779,166	6,503,778
Freehold Buildings						690,090	955,833	690,090	955,833
Consumable biological assets						6,917,260	5,938,521	6,917,260	5,938,521
Other non current financial investments	23								
Fair Value Through OCI	23.1								
Quoted equity securities	23.1.1	25,808,526	26,111,347	-	-	-	-	25,808,526	26,111,347
Unquoted equity securities	23.1.2	-	-	-	-	302,540	276,033	302,540	276,033
Government Securities	23.1.3	181,940	53,848	-	-	-	-	181,940	53,848
Quoted Debt securities	23.1.4	199,048	199,048	-	-	-	-	199,048	199,048

As at 31 March,	Note	Group							
		Level 1		Level 2		Level 3		Total	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Current Assets</b>									
Other current financial investments	23								
Fair value through profit or loss (FVTPL) financial investments	23.2								
Quoted equity securities	23.2.1	142,024	335,120	-	-	-	-	142,024	335,120
Investments in unit trusts	23.2.2	699,623	1,160,027	-	-	-	-	699,623	1,160,027
<b>Total</b>		<b>27,031,161</b>	<b>27,660,342</b>	<b>-</b>	<b>-</b>	<b>119,705,289</b>	<b>110,517,664</b>	<b>146,736,450</b>	<b>138,178,006</b>

As at 31 March,	Note	Company							
		Level 1		Level 2		Level 3		Total	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Non Current Assets</b>									
Investment Property	17					7,100,954	6,586,161	7,100,954	6,586,161
Other non current financial investments	23								
Fair Value Through OCI	23.1								
Quoted equity securities	23.1.1	24,067,142	24,504,123	-	-	-	-	24,067,142	24,504,123
<b>Current Assets</b>									
Other current financial investments	23								
Fair value through profit or loss (FVTPL) financial investments	23.2								
Quoted equity securities	23.2.1	44,296	212,137	-	-	-	-	44,296	212,137
<b>Total</b>		<b>24,111,438</b>	<b>24,716,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,111,438</b>	<b>24,716,260</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 38.2 Reconciliation of fair value measurement of “Level 3” financial instruments

For the year ended 31 March,	Group Unquoted equity securities Rs.'000
Balance as at 31st March 2022	276,033
Exchange difference	27,704
Total gains and losses recognised in other comprehensive income	
- Net change in fair value of financial assets measured at FVOCI (unrealised)	(1,197)
Balance as at 31st March 2022	302,540

### 38.2.1 Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

### 38.2.2 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used by both the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used.

#### 38.2.2.1 Assets and liabilities measured at fair value - Recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
<b>Property, plant and equipment</b>			
Freehold land	<b>Market comparable method</b> This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land	Estimated fair value would increase (decrease) if ; – Price per perch increases (decreases)
Freehold Building	<b>Market comparable method</b> This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per Sq Ft of Building	Estimated fair value would increase (decrease) if ; – Price per Sq Ft increases (decreases)

Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
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#### Investment Properties

Investment land	<p><b>Market comparable method</b></p> <p>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.</p>	Price per perch of land	<p>Estimated fair value would increase (decrease) if ;</p> <ul style="list-style-type: none"> <li>– Price per perch increases (decreases)</li> </ul>
Investment Building	<p><b>Market comparable method</b></p> <p>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.</p>	Price per Sq Ft of Building	<p>Estimated fair value would increase (decrease) if ;</p> <ul style="list-style-type: none"> <li>– Price per Sq Ft increases (decreases)</li> </ul>

#### Other financial assets

Unquoted equity securities	Net assets basis	Carrying value of assets and liabilities adjusted for market participant assumptions.	Variability of inputs are insignificant to have an impact on fair values.
	Market return on a comparable investment	Current market interest rates	Not applicable

#### Derivative financial assets / liabilities

Forward foreign exchange contracts	<p><b>Market comparison technique</b></p> <p>The fair values are based on quotes from banks and reflect the actual transactions of similar instruments.</p>	Forward exchange rates as at reporting date.	Not applicable
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#### 38.2.2.2 Assets and liabilities for which fair values are disclosed - Recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
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#### Investment property

Freehold land	<p><b>Market comparable method</b></p> <p>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.</p>	Price per perch of land
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#### Other financial assets

Unquoted debt securities	Discounted cash flows	Current market interest rates
Other bank deposits		
Interest-bearing liabilities	Discounted cash flows	Current market interest rates

# NOTES TO THE FINANCIAL STATEMENTS

## 38.2.2.3 Assets and liabilities measured at fair value - Non-recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
Assets classified as held for sale	Valued at the cash available with the disposal group held for sale.	Not applicable

## 39 Amount due from the Secretary to the Treasury on Account of SLIC

### a) In respect of Shares

As per the Judgment delivered by the Supreme Court of the Democratic Socialist Republic of Sri Lanka on 4 June 2009 it was declared and directed that the shares of SLIC purported to have been sold to Distilleries Consortium on 11 April 2003 along with any shares purchased from employees as per SSPA shall be deemed to have been held for and on behalf of the Secretary to the Treasury.

As directed by the said judgment, the Secretary to the Treasury returned Rs.5,716 Mn in 2010/11 that was paid by Group Subsidiary Milford Holdings (Pvt) Limited (MHL) to purchase shares from SLIC.

### b) In respect of Profits Earned

Furthermore, MHL was entitled to retain the profits of SLIC derived by MHL from 11 April 2003 to 04 June 2009 in lieu of the interest for the aforesaid investment. The Secretary to the Treasury was directed to cause profits of SLIC to be computed and audited from the date of the last audited Reporting of SLIC to 04 June 2009 to enable MHL to obtain such profits.

However, Secretary to the Treasury has not yet determined the value of profits to be retained by the MHL; hence no adjustments were made to the financial statements in this regards.

The Group has initiated legal actions to recover the said dues.

## 40 Impact of Revival of Underperforming Enterprises and Underutilised Assets Bill – Pelwatte Sugar Industries PLC Group (PSIP)

Consequent to the enactment and passage of the above Act of Parliament on 9 November 2011, the state officials are occupying the land leased to PSIP. As the leasing of the land to PSIP was done in 1985, and the above mentioned Act empowers the vesting of land leased during a period of 20 years before the enactment of the Act. The Company believes that the land that was used by PSIP have not been vested in the state. At this moment the management is unable to comment further on the implications on the ruling as the Company is awaiting instructions by the Secretary to the Treasury.

Financial results up to 30 September 2011 were consolidated to Group results for the year ended 31 March 2012. Subsequent financial results have not been incorporated to the Group results due to non accessibility of the information. Subsequently a Compensation Tribunal was formed as required by the Act. Without assuming any liability or without any prejudice to, or impact on its rights, PSIP has submitted a claim to the Compensation Tribunal.

Commercial High Court of Western Province (Colombo Civil) issued a winding-up order of Pelwatte Sugar Industries PLC on 13 March 2013. The Court has appointed P.E.A. Jayewickreme and G.J. David, as the Liquidators.

## 41 Pending litigations and contingent liabilities

Based on the available information, the Management is of the view that there are no material litigation or claims that could have material impact on the financial position on the group. Accordingly, no provision has been made for legal claims in the Financial Statements.

### 41.1 Splendor Media (Pvt) Ltd

Labour Tribunal Case ( No.LT 01/24/2015) filed by Mr. Ajith Nishantha Withana for requesting for compensation in lieu of removing the employment.

## 41.2 Aitken Spence PLC-Group

- (a) Contingent liabilities as at 31.03.2023 on corporate guarantees given by Aitken Spence PLC to subsidiaries within the Group and equity-accounted investees amounted to Rs. 11,081.6 million and Rs. 17.5 million respectively. Contingent liabilities as at 31.03.2023 on corporate guarantees given by subsidiaries and equity-accounted investees to other companies in the Group amounted to Rs. 21,277.3 million. Neither Aitken Spence PLC nor subsidiaries and equity-accounted investee have given corporate guarantees on behalf of companies outside the Group including other related companies listed in note 40.3 -40.7 to the financial statements.
- (b) Tax Appeals Commission decided in favour of Aitken Spence Travels (Pvt) Ltd., a subsidiary of the Group which was assessed by the Department of Inland Revenue on Income tax for the years of assessment 2009/2010, 2010/2011 and 2011/2012. The Department of Inland Revenue appealed against the above determination to the Court of Appeal for the above years of assessment. The Court of Appeal decided in favour of the company for the years of assessment 2009/2010 and 2010/2011. The Department of Inland Revenue appealed against the Court of Appeal decision for the year of Assessment 2009/2010 and 2010/2011 to the Supreme Court. Supreme Court hearing the appeal for the year of assessment 2009/2010 refused to grant leave to proceed. Therefore the judgement of the Court of Appeal which was decided in favour of the Company will prevail. The contingent liability on income tax and penalties for year of assessment 2010/2011 and 2011/2012, pending hearing in the Supreme Court and Court of Appeal are estimated to be Rs. 69.8 million and Rs. 80.6 million respectively. Based on expert advise and the decision of the Tax Appeals Commission, Court of Appeal and the judgement given by the Supreme Court in relation to year of assessment 2009/2010, the directors are confident that the ultimate resolution would be in favour of the Company.
- (c) Cey Spence (Pvt) Ltd which was previously an equity accounted investee which was proposed to be liquidated, and the share of net assets of which is reflected under assets classified as held for sale in the consolidated financial statements of the Group was issued an income tax assessment under the Inland Revenue Act in relation to the year of assessment 2007/2008. The Court of Appeal hearing the appeal has determined the income tax assessment in favour of the Department of Inland Revenue. Pursuant to the determination of the Court of Appeal the company has appealed against the determination to the Supreme Court. The contingent liability to the Group is estimated to be Rs. 70 million inclusive of any penalties. Based on expert advice the directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.
- (d) Action was instituted in the Commercial High Court in 2009 by a prospective buyer for the repayment of the advance monies and other related amounts paid by them, for the purchase of a ship which was owned by Ceyaki Shipping (Pvt) Ltd., (an Associate company) which is classified as held for sale in the consolidated financial statements of the Group. The company contested the action as it deemed that the amount was not due and owing to the prospective buyer. The Commercial High Court delivered a determination in favour of the prospective buyer in March 2013. Consequently Ceyaki Shipping (Pvt) Ltd., appealed to the Supreme Court against the determination of the Commercial High Court. The directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

## 41.3 Melstacorp PLC

The Company has received an income tax assessment dated 9th August 2022 from the Commissioner General of Inland Revenue imposing an additional income tax liability of 11.4 Bn and a penalty of Rs. 5.7 Bn against the Company for the year of assessment 2016/17 in relation to the Group's restructuring transactions.

The Company filed a writ application at the Court of Appeal, which challenged the legality of the assessment(s). Upon completion of the hearing of oral and written submissions made by the parties, on 28th June 2023, the Court of Appeal issued an interim order restraining the Commissioner General of Inland Revenue from proceeding to take any steps whatsoever pursuant to the Letter of Intimation, the Notice of Assessment, the Penalty Notice and the Tax in Default Notice until the final determination is made on this petition.

Subsequently, on 28th July 2023, the Hon. Attorney General applied for Special Leave to appeal to the Supreme Court against the interim order.

Having considered the procedural and substantive grounds against the assessment raised, and on interim order issued by the Court of Appeal, the Board of Directors is of the view that this assessment is not likely to result in any tax liability to the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 41.4 Distilleries Company of Sri Lanka PLC

The Company has received an income tax assessment dated 9th August 2022 from the Commissioner General of Inland Revenue imposing an additional income tax liability of Rs. 4,078 million and a penalty of Rs. 2,039 million against the Company for the year of assessment 2016/17 in relation to the Group's restructuring transactions.

The Company filed a writ application at the Court of Appeal, which challenged the legality of the assessment(s). Upon completion of the hearing of oral and written submissions made by the parties, on 28th June 2023, the Court of Appeal issued an interim order restraining the Commissioner General of Inland Revenue from proceeding to take any steps whatsoever pursuant to the Letter of Intimation, the Notice of Assessment, the Penalty Notice and the Tax in Default Notice until the final determination is made on this petition.

Subsequently, on 28th July 2023, the Hon. Attorney General applied for Special Leave to appeal to the Supreme Court against the interim order.

Having considered the procedural and substantive grounds against the assessment raised, and on interim order issued by the Court of Appeal, the Board of Directors is of the view that this assessment is not likely to result in any tax liability to the Company.

## 42 Capital and other commitments

There were no material capital expenditure approved by the Board of Directors as at 31 March 2022 other than followings;

### 42.1 Aitken Spence PLC

#### Commitments for capital expenditure for subsidiaries

	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Approximate amount approved but not contracted for	6,043,519	9,883,620
Approximate amount contracted for but not incurred	1,646,051	1,470,329
	<b>7,689,570</b>	<b>11,353,949</b>

The above includes Rs. 6,668 million (2021/2022 - Rs. 9,841.5 million) for the acquisition of property, plant and equipment, Rs. 246.3 million (2021/2022 - Rs. 112.4 million) for the acquisition of intangible assets.

#### Commitments for capital expenditure for joint ventures

	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Approximate amount approved but not contracted for	93,388	82,870
Approximate amount contracted for but not incurred	27,707	23,216
	<b>121,095</b>	<b>106,086</b>

The amount shown is the Group's share of capital commitments by joint ventures.

The above includes Rs. 121.0 million (2021/2022 - Rs. 106 million) for the acquisition of property, plant and equipment.

### 42.2 Madulsima Plantations PLC

The capital commitments as at the reporting date budgeted, but not provided for is Rs.404.7Mn (2022-Rs.260.7Mn).

### 43 Assets pledged

Following assets have been pledged as securities for liabilities.

Company	Nature of Liability	Security		Value of the assets pledged (Rs.'000) 2023
		Description	Asset type	
Balangoda Plantations PLC	Permanent overdraft facility	Primary mortgage over the lease hold rights of Walaboda Estates.	Property, Plant and Equipment	489,500
Texpro Industries (Pvt) Ltd	Long term loan	The Company has provided existing primary floating mortgage bond for USD 3.262 Mn over land, building and immovable machinery at Ranala as collateral against the bank facility and borrowings.	Property, Plant and Equipment	434,250
Lanka Bell Limited	Term Loans and other borrowings	Short term investment (fixed Deposits) has been pledged as a security against the financing facilities.	Cash and cash equivalents	360,382
Madulsima Plantations PLC	Term Loans and overdrafts	Floating Mortgage Bond for Rs.160mn over Leasehold property at Verellapatana Estate Floating Mortgage Bond for Rs.224mn over Leasehold property at Mahadowa Estate Floating Mortgage Bond for Rs.150mn over Leasehold property at Battawatte Estate	Leasehold properties	534,000
Negombo Beach Resorts (Pvt) Ltd	Long term loan	Freehold land and building of the Hotel has been mortgaged.	Property, Plant and Equipment	3,891,654
Aitken Spence PLC	Term Loans and overdrafts	Property, Plant and Equipment of the group were pledged Equity shares invested in subsidiaries were pledged right-of-use assets pledged by the Group as security for interest-bearing liabilities obtained from banks	Property, Plant and Equipment Investments in Subsidiaries Right of Use Assets	34,988,300 4,830,700 4,766,800
Splendor Media (Pvt) Ltd	Overdraft	Fixed Deposit	Other Investments	40,667

### 44 Events after the reporting period

There were no other material events occurring after the reporting period that requires adjustments to or disclosure in the Financial Statements other than the items disclosed below

#### Interim dividend

The Board of Directors of the Company has approved and paid the third interim ordinary dividend of Rs. 2.71 per share for the year 2022/2023 in June 2023.

#### Amalgamation of Group companies

Subsidiary companies of Aitken Spence Hotel Holdings PLC, Turyaa Resorts (Pvt) Ltd and Turyaa (Pvt) Ltd was amalgamated on 01 April 2023 under shortform amalgamation as per the Companies Act number 07 of 2007 of Sri Lanka. There will be no impact to the Group financial statements due to this amalgamation.

# NOTES TO THE FINANCIAL STATEMENTS

## 45 Financial Risk Management

Financial instruments used by the Group in its business activities contain multiple variables that are affected by various market and environmental conditions. Such variations are generally not within the control of the users, and therefore cause fluctuations in values of financial instruments. Fluctuations in value could result in a situation undesirable to the Group thereby exposing it to risk. These risks need to be managed, as unmanaged risks can lead to unplanned outcomes where the Group could fall short of its financial and budgetary objectives. The Group has adopted a financial risk management strategy aimed at minimising the risks associated with the use of financial instruments by establishing several policies and guidelines that are followed by the companies in the Group. These policies and guidelines are reviewed from time to time and updated to reflect current requirements in accordance with the developments in the operating environment.

Group's core business of beverage is essentially a cash business hence has a short cash cycle. This results in low financial risk adding to greater degree of control of finance. Other sectors such as Telecommunication, Plantation, Insurance, Finance and other diversified holdings exercise policies stemming from Melstacorp's practices of effective financial risk management as common members of the board ensures uniformity. Continental Insurance is exceptional and adhere to an even higher degree of management to comply with IBSL regulatory compliance/guidelines respectively.

### Financial Instruments

Group's financial instruments consist of ASSETS - its portfolio of equity investments, deposits in banks, accounts receivable. LIABILITIES - Loan obligations, accounts payable and accrued liabilities such excise duty, taxes and payroll.

### Financial Risk Management Objectives and Policies

Whilst 'risk management' is ingrained in the business from the Board down to operational level, financial risk management at Group is entrusted to a niche of in-house financial professionals ably supported by external economists, financial consultants, legal counsel, tax experts, banks and auditors.

In the normal course of business, the Group is exposed to financial risks that have the potential to negatively impact its financial performance. This is further accredited by the AAA/Stable rating assigned by Fitch this year.

This part of the report covers the financial impact that could arise from market risk, credit risk and liquidity risk, the most important elements of the financial risk that the Group is subject to.

The Group has exposure to the following risks from financial instruments



## 45.1 Market risk

Fluctuations of those market driven variables that affect cashflows arising from financial instruments can result in the actual outcome being different to expected cashflows thereby creating the market risk. Variables such as interest rates and exchange rates can move in directions different to those originally expected and the consequent cashflows could be different to the originally anticipated cashflows.

Market risk could result in the revenues and expenses of the Group being adversely affected and impacting the profit attributable to the shareholders. In order to identify, manage and minimise the market risk, the Group has put into practice a number of policies and procedures.

### 45.1.1 Currency risk

The currency risk arises when a financial transaction is denominated in a currency other than that of the reporting currency of an entity. The Group has operations in a number of regions across the globe and conducts business in a variety of currencies. The Group's worldwide presence in many geographies exposes it to the currency risk in the form of transaction and translation exposure.

Transaction exposure arises where there are contracted cashflows (receivables and payables) of which the values are subject to unanticipated changes in exchange rates due to contracts being denominated in a foreign currency. Translation exposure occurs due to the fluctuations in foreign exchange rates and arises to the extent to which financial reporting is affected by exchange rate movements when the reporting currency is different to those currencies in which revenues, expenses, assets and liabilities are denominated.

As the Group transacts in many foreign currencies other than the Sri Lankan rupee which is the reporting currency, it is exposed to currency risk on revenue generation, expenses, investments and borrowings. The Group has significant investments in the Maldives, India, Oman and Fiji where the net assets are exposed to foreign currency translation risk. Revenue generations and expenses incurred in these geographies are exposed to foreign currency transaction risk.

The total interest-bearing liabilities of the Group denominated in US dollar and Euro amounted to Rs. 43.4 billion. The overseas investments made by the Group during the financial year were mostly financed through US dollar denominated borrowings from international and local banks. The translation exposure resulting from foreign currency borrowings has been hedged to a great extent by the acquisition of financial assets denominated in matching foreign currencies. A significant portion of the foreign currency borrowings have been made by the Group companies with incomes in foreign currencies, especially in the tourism and strategic investments sectors. Transaction exposures are usually minimised by selectively entering into forward contracts when future cashflows can be estimated with reasonable accuracy with regard to amounts as well as timing. The Group treasury monitors foreign exchange markets on a continuous basis and advises on appropriate risk mitigating strategies.

The Group actively evaluates the possibility of employing hedge accounting to mitigate the exposure to currency risk by designating an effective relationship between foreign currency denominated transaction with assets or liabilities. Hedge accounting enables to minimise the timing differences in recognising foreign currency translation impact to the income statement or other comprehensive income statement and to effectively capture the economic substance of the transaction.

#### Significant movement in exchange rates during the year ended 31st March 2023

	Lowest Level		Highest Level		Spread	Year end rate
	Rate	Date	Rate	Date		
USD/LKR	294.37	01.04.2022	370.86	12.05.2022	76.49	327.14
EUR/LKR	328.85	04.04.2022	402.61	02.02.2023	73.76	356.72

# NOTES TO THE FINANCIAL STATEMENTS

## Foreign currency sensitivity

The main foreign currencies of the Group transacts in are the US dollar and the Euro. The exposure to other foreign currencies is not considered as they are mostly related to foreign operations. In order to estimate the impact of the currency risk on financial instruments, a reasonable movement in the USD/ LKR and EUR/LKR exchange rates is assumed based on the observable trend in the market. Due to the significant volatility observed in exchange rates especially during the latter part of the financial year and thereafter, a fluctuation of 40% is considered for the sensitivity analysis as at reporting date, compared to a fluctuation of 5% considered in the last financial year. In the calculation of this risk, it is assumed that all other variables are held constant. The sensitivity analysis relates only to assets and liabilities depicted in Financial Statements as at the end of the financial year.

	Effect on profit before tax			Effect on equity USD'000
	USD net financial assets / (liabilities) USD'000	EUR net financial assets / (liabilities) EUR'000	USD Forward Contracts USD'000	
<b>As at 31st March 2023</b>				
Net exposure	75,750	(25,235)	-	136,405
LKR depreciates by 15% (Rs. '000)	3,570,632	(1,670,304)	-	6,693,533
LKR appreciates by 15% (Rs. '000)	(3,570,632)	1,670,304	-	(6,693,533)
<b>As at 31st March 2022</b>				
Net exposure	67,800	(26,339)	-	125,685
LKR depreciates by 5% (Rs. '000)	8,148,528	(4,306,333)	-	14,774,546
LKR appreciates by 5% (Rs. '000)	(8,148,528)	4,306,333	-	(14,774,546)

The effect on the equity arises from the investments made by the Group in the Maldives, India, Oman, Fiji and Myanmar. We have not accounted for the sensitivity arising in any of the other investments as the Group's exposure to such is not significant.

### 45.1.2 Interest rate risk

Values of financial instruments could fluctuate depending on the movements in interest rates giving rise to interest rate risk. This is a consequence of the changes in the present values of future cashflows derived from financial instruments. Value fluctuations in financial instruments will result in mark to market gains or losses in investment portfolios and could have an impact on reported financial results of the Group.

The Group's investment portfolio consists of a range of financial instruments with both fixed and variable interest rates such as treasury bills and treasury bonds which are subject to interest rate risk. Liabilities with variable interest rates such as AWPLR and LIBOR linked borrowings would expose the Group to cashflow risk as the amount of interest paid would change depending on the changes in market interest rates.

Investments with fixed interest rates would expose the Group to variations in fair values during the marking to market of portfolios. Suitable strategies are used by the Group treasury to manage the interest rate risks in portfolio investments. Using long term interest rate forecasts in order to determine the most suitable duration of investments with the objective of overcoming the re-investment risk as well as to minimise any adverse impact in marking to market of the portfolio is one of the often-used strategies. Interest rate swaps could be used when there is a need to hedge the risks on debt instruments with variable rates. Close monitoring of market trends is carried out to improve the accuracy of such decisions.

The Group treasury monitors the interest rate environment on a continuous basis to advise the sector finance managers on the most suitable strategy with regard to borrowings. The Group usually negotiates long term borrowings during the periods in which interest rates are low in order to extend the favourable impact to future reporting periods.

#### Significant movement in interest rates during the year ended 31st March 2023

	Lowest Level		Highest Level		Spread (basis points)	Year end rate %
	Rate %	Date	Rate %	Date		
LKR Interest rate (Weekly AWPLR)	9.85	Apr-22	29.67	Nov-22	1.982	21.4
USD Interest rate - LIBOR (3 months)	0.962	Apr-22	5.193	Mar-23	423	5.193
SOFR (overnight)	0.260	Apr-22	4.87	Mar-23	461	4.87

The following table demonstrate the sensitivity to a reasonably possible change in, with all other variables held constant, of the profit before tax. A reasonably possible of +/- 8% is used, consistent with current trends in interest rates.

	Strengthening (Weakening) Interest rates	Effect on Profit before Tax	
		Consolidated Rs.'000	Company Rs.'000
As at 31 March 2023	800	(5,210,370)	(610,404)
	-800	5,210,370	610,404
As at 31 March 2022	800	(5,928,677)	(252,862)
	-800	5,928,677	252,862

#### 45.1.3 Equity price risk

The Group has adopted the policy that its investment in subsidiaries, joint ventures and associate companies are recorded at cost as per LKAS 27 and 28 standards and therefore are scoped out from the Sri Lanka Accounting Standards, SLFRS 9 - Financial Instruments.

Investments made by the Group which do not belong to the above categories are classified as financial assets and recorded at fair value in financial statements.

At the reporting date the carrying values of equity investments are as follows

- Quoted equity securities: Rs. 25.95 billion (as at 31.03.2022; Rs. 26.44 Billion)
- Unquoted equity securities: Rs. 302.6 million (as at 31.03.2022; Rs. 276 million)

Certain companies of the Group have their major equity investment portfolios held on a long term basis; hence immune to daily fluctuations. Those are classified as financial investments at fair value through OCI (FVTOCI). Further, a small trading portfolio is managed by two reputed Unit Trust companies licensed by the SEC and individual companies manage their own short term portfolios as well. These investments are held by compiling with group investment policies. Safe Custodian agreements with banks are in place that adds a control dimension.

The Group manages the equity price risk through diversification of its investments to each sector. Further the Management daily monitors the reports of the equity portfolios.

# NOTES TO THE FINANCIAL STATEMENTS

The extend of diversification of short term equity investments (FVTPL) are analysed bellow.

As at 31 March,	Group				Company			
	2023		2022		2023		2022	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
Bank finance and insurance	51,461	36.2%	56,114	16.7%	-	0.0%	-	0.00%
Construction and engineering	123	0.09%	123	0.0%	-	0.0%	-	0.00%
Diversified holdings	29,472	20.8%	211,615	63.1%	7,989	18.0%	177,419	83.63%
Hotel and travels	19,597	13.8%	13,822	4.1%	-	0.0%	-	0.00%
Manufacturing	41,371	29.1%	50,793	15.2%	36,307	82.0%	34,718	16.37%
Power and energy	-	0.0%	2,653	0.8%	-	0.0%	-	0.00%
	142,024	100.0%	335,120	100.0%	44,296	100.0%	212,137	100.0%

## 45.2 Credit Risk

The risk assumed by an entity resulting from the risk of a counterparty defaulting on its contractual obligations in relation to a financial instrument or a customer contract is known as the credit risk. The Group's exposure to credit risk arises from its operating and investing activities including transactions with banks in placing deposits, foreign exchange transactions and through the use of other financial instruments. The maximum credit risk of the Group and the Company is limited to the carrying value of these financial assets as at the reporting date.

### Maximum Credit Exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows,

As at 31 March,	Note	Group				Company			
		2023		2022		2023		2022	
		Rs.'000	% from total exposure	Rs.'000	% from total exposure	Rs.'000	% from total exposure	Rs.'000	% from total exposure
Trade and other receivables	45.2.1	35,576,623	30%	30,351,990	27%	1,220	0%	668	0%
Amounts due from related companies	45.2.2	566,377	1%	217,959	0%	4,634,176	12%	3,476,092	9%
Loans granted to related parties		-	0%	-	0%	10,409,534	26%	11,215,972	28%
Financial investments at FVOCI		26,492,054	22%	26,640,270	23%	24,067,142	61%	24,504,123	62%
Financial investments at FVTPL		841,647	1%	1,495,147	1%	44,296	0%	212,137	1%
Corporate debt securities	45.2.3	1,896,460	2%	2,047,737	2%	50,042	0%	50,048	0%
Government securities	45.2.4	1,931,922	2%	1,593,855	1%	-	0%	-	0%
Deposits with bank	45.2.5	35,996,758	30%	29,911,913	26%	-	0%	-	0%
Cash at bank	45.2.6	17,043,369	14%	21,524,736	19%	170,022	0%	212,665	1%
		120,345,210	100%	113,783,613	100%	39,376,432	100%	39,671,705	100%

### 45.2.1 Trade and other receivables

Trade receivables consist of recoverable from a large number of customers spread across diverse industries, segments and geographies. More than 90% of the Group's trade receivables are due for settlement within 90 days as at the end of the financial year. The credit policy for each segment of business varies due to the diversity of operations in the Group. The credit policies that best suit their respective business environment are developed for each sector and the responsibility rests with the heads of finance and the senior management teams.

Group companies formulate their credit policies subsequent to analysing credit profiles of customers. In this regard factors such as the credit history, legal status, market share, geographical locations of operations, and industry information are considered. References from bankers or credit information databases are obtained when it is considered necessary. Each Group company has identified credit limits for their customers. In the event a customer does not meet the criteria or the stipulated benchmark on a transaction, then the business is carried out with such customers only up to the value of the collaterals or advances obtained.

As the large majority of Beverage accounts receivable balances are collectable from licensed retailers, management believes that the sector's credit risk relating to accounts receivable is at an acceptably low level.

The Group has observed higher credit risk in telecommunication sector due to large number of small customers. However, risk is managed and mitigated by adopting timely disconnection policy and converting customer to prepaid mode.

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

The group's maximum exposure to credit risk from Insurance contract receivables are mainly consist with Premium Receivables.

Some of the actions specific to Premiums Receivables in Non-Life Insurance are shown below.

- Premium Payment Warranty (PPW) is strictly implemented and all Non - Life Insurance policies with payments outstanding for more than 60 days are cancelled.
- Follow-up meetings on debt collection are conducted with the participation of finance, distribution and underwriting officials on a monthly basis.
- Claim settlements are processed only after reviewing the position of outstanding receivables.

#### 45.2.2 Amounts due from related companies

The amounts due from related parties mainly consist of receivables from associates and other related ventures and those are closely monitored by the group.

#### 45.2.3 Corporate debt securities

The Corporate debt securities are entirely consist of Corporate Debentures which are listed in Colombo Stock Exchange which are guaranteed by local and foreign credit rating agencies as BBB or Better.

An Analysis of credit ratings of the issuers of debenture are as follows,

Credit Rating	Group				Company			
	2023		2022		2023		2022	
	Amount Rs.'000	% from total exposure						
AA	-	0%	51,642					
AA-	612,787	32%	598,723	32%	50,042	100%	50,048	100%
A+	680,091	36%	680,145	36%	-	0%	-	0%
A	259,515	14%	334,771	18%	-	0%	-	0%
A-	103,911	5%	154,267	8%	-	0%	-	0%
BBB+	112,345	6%	112,350	6%	-	0%	-	0%
BBB	49,583	3%	49,580					
No Ratings *	78,228	4%	66,259	3%	-	0%	-	0%
	<b>1,896,460</b>	<b>100%</b>	<b>2,047,737</b>	<b>103%</b>	<b>50,042</b>	<b>100%</b>	<b>50,048</b>	<b>100%</b>

\* However minor portion of investments have been made on corporate debt instruments which does not backed with credit ratings. However those investments were made after having a thorough credit assessment on respective companies and after obtaining collaterals such as Mortgage bonds and personal guarantees.

# NOTES TO THE FINANCIAL STATEMENTS

## 45.2.4 Government securities

Government securities are referred to as risk free instruments in its nature.

## 45.2.5 Deposits with bank and cash at bank

The Group has a number of bank deposits in Sri Lankan rupees and other currencies. These deposits have been placed in several banks in order to minimise the credit risk in accordance with the policy directions provided by the Board. In order to further minimise the credit risk, the Group's exposure and credit ratings of banks are regularly monitored and a diversified investment portfolio is maintained. In the event of any weakening of credit metrics of a bank the Group may decide to liquidate its investments and move to an institution with a higher credit rating.

As at 31 March, (Fitch national credit rating scale or equivalent)	Group			
	2023		2022	
	Amount of deposits Rs.'000	Concentration %	Amount of deposits Rs.'000	Concentration %
AAA	2,736,206	7.60%	2,337,533	7.81%
AA-	-	0.00%	22,090,047	73.85%
A+	42,929	0.12%	2,839,440	9.49%
A	30,130,434	83.70%	1,812,590	6.06%
A-	2,777,442	7.72%	103,800	0.35%
BBB	220,036	0.61%	203,492	0.68%
BBB-	59,900	0.17%	524,402	1.75%
BB+	32,395	0.09%	1,213	0.00%
<b>Total gross carrying amount</b>	<b>35,999,342</b>	<b>100.00%</b>	<b>29,912,518</b>	<b>100.00%</b>
Impairment of bank deposits	(2,584)		(604)	
<b>Total net carrying amount</b>	<b>35,996,758</b>		<b>29,911,913</b>	

Further the cash at bank is mainly consist of favourable balances in Savings, money market and current accounts of private and government commercial banks.

## 45.3 Liquidity risk

Liquid assets of a company consist of cash and assets which can be converted to cash in a short period of time to settle liabilities as they arise. Liquidity is an important factor in the operations of a business as it is an essential requirement for the successful operation of an entity.

A shortage of liquidity would have a negative impact on stakeholder confidence in a business entity and hampers its operations. The Group has ensured that it maintains sufficient liquidity reserves to meet all its operational and investment requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements.

Shortening the working capital cycle is one of the main practises preferred in ensuring that there is sufficient liquidity at a given time. Adequate short-term working capital facilities provided by banks are available to all the Group companies which are utilised in the event of a requirement. These facilities are available at favourable rates and have been mostly provided without collateral. The Group maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and closely monitors their utilisation.

The Group has implemented procurement and vendor evaluation policies to prevent payment of excessive prices to suppliers and to obtain favourable credit periods in order to ensure a strong working capital position. Special attention has been given to cash inflows and outflows both at a consolidated and sector levels. The maturity profile of the Group's investments is monitored and adjusted to meet expected future cash outflows in the short, medium and long terms.

Funding requirements of the sectors and the parent company are evaluated at regular intervals by analysing business expansion strategies. The Group has adopted a conservative investment strategy in order to preserve the scarce capital as well as to minimise the risk. At opportune moments funds are mobilised by accessing capital markets. The Group attempts to minimise future interest expenses on borrowings by negotiating favourable interest rates with the respective lenders and makes use of attractive interest rates offered by international banks on foreign currency denominated funding mostly to finance its overseas investments.

The table below summarises the maturity analysis of the Group's financial liabilities based on contractual undiscounted payments.

#### Group

As at 31st March 2023	On demand Rs.'000	Less than 1 year Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest bearing liabilities	-	15,805,263	14,038,968	14,970,069	14,639,754	59,454,054
Bank overdrafts and other short term borrowings	28,711,959	883,399	-	-	-	29,595,358
Trade and other payables	34,385,991	8,593,466	-	-	-	42,979,457
Amounts due to related companies	2,317,827	-	-	-	-	2,317,827
	65,415,777	25,282,128	14,038,968	14,970,069	14,639,754	134,346,696

#### Group

As at 31st March 2022	On demand Rs.'000	Less than 1 year Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest bearing liabilities	-	12,470,429	10,456,705	21,635,345	16,405,188	60,967,667
Bank overdrafts and other short term borrowings	22,588,784	834,608	-	-	-	23,423,392
Trade and other payables	41,490,227	8,834,106	-	-	-	50,324,333
Amounts due to related companies	1,966,519	-	-	-	-	1,966,519
	66,045,531	22,139,142	10,456,705	21,635,345	16,405,188	136,681,911

# NOTES TO THE FINANCIAL STATEMENTS

## Company

As at 31st March 2023	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest bearing liabilities	-	-	-	-	-	-	-
Bank overdrafts and other short term borrowings	7,630,054	-	-	-	-	-	7,630,054
Trade and other payables	138,468	-	-	-	-	-	138,468
Amounts due to related companies	473,284	-	-	-	-	-	473,284
	<b>8,241,806</b>	-	-	-	-	-	<b>8,241,806</b>

## Company

As at 31st March 2022	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest bearing liabilities	-	-	-	-	-	-	-
Bank overdrafts and other short term borrowings	10,721,143	-	-	-	-	-	10,721,143
Trade and other payables	3,223,020	-	-	-	-	-	3,223,020
Amounts due to related companies	391,688	-	-	-	-	-	391,688
	<b>9,814,355</b>	-	-	-	-	-	<b>14,335,851</b>

## 46 Financial capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group's may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at 31 March,	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total interest bearing loans and borrowing	59,454,055	60,967,666	-	-
Lease Liabilities	19,162,745	19,272,129	23,860	30,195
Bank overdrafts and other short term borrowings	29,595,358	23,423,392	7,630,054	10,721,143
Less: cash & cash equivalents	(22,985,573)	(24,902,636)	(170,022)	(212,665)
Net Debt	85,226,585	78,760,551	7,483,892	10,538,673
<b>Total Equity</b>	<b>150,792,325</b>	<b>136,333,046</b>	<b>91,714,389</b>	<b>91,699,311</b>
<b>Total Capital</b>	<b>236,018,910</b>	<b>215,093,597</b>	<b>99,198,281</b>	<b>102,237,984</b>
Gearing Ratio	36%	37%	8%	10%

# STATEMENT OF VALUE ADDED

## Value Added

For the year ended 31 March,	2023		2022	
	Group Rs,000	Company Rs,000	Group Rs,000	Company Rs,000
Gross Turnover	247,261,233	259,234	182,989,902	263,618
Other Operating Income	2,435,329	12,302,393	2,463,061	11,955,680
Finance Income	10,689,609	2,730,887	10,099,406	1,005,956
Share of Profits of Equity Accounted Investees	1,115,651	-	441,977	-
	261,501,822	15,292,514	195,994,347	13,225,254

## Value Distributed

For the year ended 31 March,	2023			
	Group		Company	
	Rs,000	As a % of Total	Rs,000	As a % of Total
To the State as Taxes	91,627,020	35.0%	1,471,714	9.6%
Operating Expenses	99,077,658	37.9%	5,944,120	38.9%
To the Employees	25,406,350	9.7%	130,638	0.9%
To Providers of Debt Capital	12,873,496	4.9%	2,361,990	15.4%
To the Shareholders as Dividends	5,967,596	2.3%	5,477,366	35.8%
Retained with the Business				
As Depreciation	9,549,386	3.7%	5,707	0.0%
As Retained Earnings	17,000,316	6.5%	(99,021)	-0.6%

For the year ended 31 March,	2022			
	Group		Company	
	Rs,000	As a % of Total	Rs,000	As a % of Total
To the State as Taxes	85,506,186	43.6%	1,294,208	9.8%
Operating Expenses	62,810,484	32.0%	4,010,290	30.3%
To the Employees	18,055,424	9.2%	93,489	0.7%
To Providers of Debt Capital	4,303,193	2.2%	671,192	5.1%
To the Shareholders as Dividends	5,331,601	2.7%	3,204,845	24.2%
Retained with the Business				
As Depreciation	7,684,331	3.9%	14,854	0.1%
As Retained Earnings	12,303,128	6.3%	3,936,376	29.76%

# SHAREHOLDER INFORMATION

## 1 Stock Exchange Listing

The Issued Ordinary Shares of the company are listed with the Colombo Stock Exchange.

Ticker Symbol - MELS.N0000

Market Sector - Diversified

## 2 Distribution of Shareholding

As at Holding	31 March 2023			31 March 2022		
	No. of share Holders	Total Holding	% of Holding	No. of share Holders	Total Holding	% of Holding
1-1,000	7,885	3,478,184	0.30	8,021	3,609,532	0.31
1,001-10,000	4,642	16,994,545	1.46	4,957	18,420,855	1.58
10,001-100,000	924	28,366,743	2.43	929	28,298,319	2.43
100,001-1,000,000	136	46,295,004	3.97	134	42,107,567	3.61
1,000,001 & Over	39	1,070,262,596	91.84	33	1,072,960,799	92.07
<b>TOTAL</b>	<b>13,626</b>	<b>1,165,397,072</b>	<b>100.00</b>	<b>14,074</b>	<b>1,165,397,072</b>	<b>100.00</b>

## 3 Analysis of shareholding

As at Holding	31 March 2023			31 March 2022		
	No. of share Holders	Total Holding	% of Holding	No. of share Holders	Total Holding	% of Holding
Individuals	13,219	320,683,249	27.52	13,606	276,138,739	23.69
Institutions	407	844,713,823	72.48	468	889,258,333	76.31
<b>TOTAL</b>	<b>13,626</b>	<b>1,165,397,072</b>	<b>100.00</b>	<b>14,074</b>	<b>1,165,397,072</b>	<b>100.00</b>
Resident	13,542	987,198,906	84.71	13,983	966,065,344	82.85
Non Resident	84	178,198,166	15.29	91	199,931,728	17.15
<b>TOTAL</b>	<b>13,626</b>	<b>1,165,397,072</b>	<b>100.00</b>	<b>14,074</b>	<b>1,165,997,072</b>	<b>100.00</b>

## 4 Market Price

	31 March 2023	31 March 2022
Last Traded	54.80	41.00
Highest	61.60	68.00
Lowest	29.50	39.50

## 5 Twenty Five Largest Shareholders

RANK	Shareholding as at 31 March NAME	2023		2022	
		NO. OF SHARES	%	NO. OF SHARES	%
1	MILFORD EXPORTS (CEYLON) (PVT) LIMITED	498,819,000	42.80	498,819,000	42.80
2	LANKA MILK FOODS (CWE) LIMITED	151,846,000	13.03	151,846,000	13.03
3	MR. M.A. YASEEN	136,776,670	11.74	124,012,745	10.64
4	MRS. L.E.M. YASEEN	54,759,348	4.70	51,466,445	4.42
5	COMMERCIAL BANK OF CEYLON PLC/L.E.M. YASEEN	52,200,000	4.48	52,200,000	4.48
6	COMMERCIAL BANK OF CEYLON PLC/M.A. YASEEN	39,000,000	3.35	39,000,000	3.35
7	MR. L.E. BADER	13,439,523	1.15	NIL	0.00
8	MR. D.H.S. JAYAWARDENA	13,014,200	1.12	13,014,200	1.17
9	MRS. S.M. CHRYSOSTOM	11,390,000	0.98	11,390,000	0.98
10	MRS. P.M.P.G.N. PRIYADARSHANI	9,374,922	0.80	2,670,582	0.23
11	STASSEN EXPORTS (PVT) LIMITED	8,746,800	0.75	8,746,800	0.75
12	DON AND DON HOLDINGS PRIVATE LIMITED	8,138,799	0.70	8,371,776	0.72
13	SEYLAN BANK PLC/ARRC CAPITAL (PVT) LTD	7,801,185	0.67	7,391,012	0.63
14	MR. D.HASITHA.S. JAYAWARDENA	7,531,332	0.65	7,531,332	0.65
15	SSBT-AL MEHWAR COMMERCIAL INVESTMENTS L.L.C.	6,186,000	0.53	6,186,000	0.53
16	RUBICOND ENTERPRISES LIMITED	5,943,859	0.51	NIL	0.00
17	MCSSEN RANGE PRIVATE LIMITED	5,459,864	0.47	5,459,864	0.47
18	BBH-REDWHEEL FRONTIER MARKETS EQUITY MASTER FUND LIMITED	4,937,755	0.42	4,077,755	0.35
19	MELLON BANK N.A.-UPS GROUP TRUST	3,066,226	0.26	3,066,226	0.26
20	DEUTSCHE BANK AG AS TRUSTEE TO CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	2,845,200	0.24	NIL	0.00
21	HATTON NATIONAL BANK PLC/JN LANKA HOLDINGS COMPANY (PVT) LTD	2,372,194	0.20	3,000,000	0.26
22	RIL PROPERTY PLC	2,165,539	0.19	NIL	0.00
23	DFCC BANK PLC A/C 1	2,069,940	0.18	2,069,940	0.18
24	RENUKA HOTELS PLC	2,000,000	0.17	NIL	0.00
25	FINCO HOLDINGS (PRIVATE) LIMITED	1,700,325	0.15	NIL	0.00
		<b>1,051,584,681</b>	<b>90.24</b>	<b>1,000,319,677</b>	<b>85.89</b>
	OTHERS	113,812,391	9.76	165,077,395	14.11
	<b>TOTAL</b>	<b>1,165,397,072</b>	<b>100.00</b>	<b>1,165,397,072</b>	<b>100.00</b>
	Percentage of Shares held by the public	<b>41.60%</b>		41.65%	
	Total No. of share holders who hold the public holding	<b>13,619</b>		14,069	

## 6 Float Adjusted Market Capitalisation

The Public Holding of the Company as at 31 March 2023 was 41.60% comprising of 13,619 shareholders and the Float adjusted Market Capitalisation of Rs.26,613,330,148.80. Interm of Rule 7.13 1(a) of the listing rule of CSE , the Company Qualifies with the Minimum Public Holding Requirement under the Option One.

# SUMMARISED FINANCIAL INFORMATION

In Rs. 000 - Company	2023	2022	2021	2020	2019	2018	2017
<b>RESULTS</b>							
Gross Turnover	259,234	263,618	257,463	212,752	209,203	228,319	193,249
Net Turnover	259,234						
Dividend income							
From subsidiaries	11,333,602	263,618	6,373,594	6,029,869	3,331,648	810,307	134,990
From equity accounted investees	-	10,709,293	-	-	-	91,595	496,725
From other short term and long term Investments	364,680	598,046	614,543	690,371	896,023	715,347	708,648
Finance income	2,730,887	1,005,956	1,116,172	2,026,350	1,322,939	870,786	1,425,673
Finance expenses	2,363,980	673,625	720,226	(1,592,872)	(637,473)	(92,763)	(85,488)
Profit / (Loss) before Tax	7,001,700	8,613,539	7,147,372	5,359,804	4,214,914	3,270,441	3,253,106
Profit / (Loss) after Tax	5,378,345	7,141,221	6,130,825	5,095,778	3,796,145	2,801,605	2,866,375
<b>FUNDS EMPLOYED</b>							
Stated Capital	70,000,000	70,000,000	89,100,000	89,100,000	89,100,000	89,100,000	89,100,000
Reserves	11,679,576	12,123,483	(4,983,549)	(1,877,918)	(3,708,246)	(981,720)	(2,597,197)
Retained Earnings	10,034,813	9,575,828	11,930,964	8,710,425	5,945,377	2,421,286	2,491,925
Shareholders Funds	91,714,389	91,699,311	96,047,415	95,932,507	91,337,132	90,539,566	88,994,728
Total Borrowings	7,630,054	10,721,143	9,364,103	10,262,646	16,460,961	300,739	109,534
Non Current Liabilities net of Borrowings	1,186,034	816,427	612,186	594,221	555,001	431,132	108,073
Current Liabilities net of Borrowings	1,214,276	4,447,783	927,560	794,283	3,826,370	334,110	453,399
<b>ASSETS EMPLOYED</b>							
Non-current assets	96,092,253	95,115,846	94,941,043	97,592,040	94,134,676	80,533,198	81,601,753
Current assets	5,652,500	12,568,818	12,010,220	9,991,617	18,044,791	11,072,349	7,999,865
	101,744,754	107,684,664	106,951,263	107,586,657	112,179,467	91,605,547	89,601,618
<b>CASHFLOW</b>							
Net cashflow from operating activities	10,914,653	6,958,083	4,837,876	4,744,195	3,640,998	857,204	1,332,530
Net cashflow from investing activities	27,548	(1,753,392)	(1,045,779)	6,761,753	(23,212,454)	(1,429,763)	828,765
Net cashflow from financing activities	(7,893,755)	(6,359,826)	(2,945,095)	(5,278,992)	2,900,805	501,972	(1,868,637)
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(1,904,738)</b>	<b>(1,155,135)</b>	<b>847,002</b>	<b>6,226,956</b>	<b>(16,670,651)</b>	<b>(70,587)</b>	<b>292,659</b>
<b>KEY INDICATORS</b>							
Earnings per share (Rs.)	4.62	6.13	5.26	4.37	3.26	2.4	3.03
Net assets per share (Rs.)	78.70	78.69	82.42	82.32	78.37	77.69	76.36
Market value per share (Rs) year end	54.90	41.10	44.00	23.50	36.00	58.1	59.2
Return on shareholders' funds	6%	8%	6%	5%	4%	3%	3%
Dividends per share (Rs.)	6.76	5.40	5.25	2.00	-	2.44	1
Dividend payout	146.48%	88.12%	99.81%	45.80%	0.00%	101.67%	40.02%
Dividend yield	12.3%	13.1%	11.93%	8.50%	0.00%	4.20%	1.70%

# COMPANY MANAGEMENT

<p><b>M. A. N. S. Perera</b> FCA, MBA Managing Director</p>	<p><b>Maj. Gen. (Rtd) Dampath Fernando</b> RIVP. RSP. YSV. U SP. psc. MBA(UK) Director Operations - Plantations / Group General Manager HR &amp; Admin</p>
<p><b>Cleetus Mallawaarachchi</b> FCA, MBA Group Financial Controller</p>	<p><b>Prasanna Karunanayake</b> B.Sc. (Eng), MBCS, ACMA, CGMA Group Chief Information Officer</p>
<p><b>Ms. Nuwanthi C. Goonawardena</b> LL.M London (International Business and Commercial Law), MBA (UK), ACCS (SL), Attorney-at-Law, Notary Public, Commissioner for Oaths, Registered Company Secretary Head of Legal</p>	<p><b>Ms. Anjana Weerasinghe</b> B.B. Mgt (Hons), ACA Group Chief Internal Auditor</p>

# GROUP DIRECTORY

## Beverage

### Distilleries Company of Sri Lanka PLC

#### Board of Directors

D. H. S. Jayawardena - Chairman / Managing Director  
C. R. Jansz  
Capt. K. J. Kahanda (Retd.) - Joint Managing Director  
N. de S. Deva Aditya  
Dr. A. N. Balasuriya  
D. Hasitha S. Jayawardena  
Ms. D. S. T. Jayawardena (Appointed w.e.f. 22.09.2022)  
M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)  
R. Seevaratnam (Deceased 19.01.2023)  
Ms. V. J. Senaratne - (Alternate to Capt. K. J. Kahanda (Retd.))

**Secretary :** Ms. V. J. Senaratne

#### Registered Office

110, Norris Canal Road, Colombo 10  
Tel: +94 11 5507000 / 2695295 -7  
Fax: +94 11 2696360

**Co. Reg. No.** PQ 112

**Auditors :** Messrs KPMG (Chartered Accountants)

### Periceyl (Pvt) Limited

#### Board of Directors

D. H. S. Jayawardena – Chairman  
C. R. Jansz  
S. K. S. D. Amarathunga  
D. Hasitha S. Jayawardena  
M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)  
A. L. Gooneratne (Resigned w.e.f. 15.09.2022)

**Secretary :** Ms. V. J. Senaratne

#### Registered Office

110, Norris Canal Road, Colombo 10  
Tel: +94 11 2808565  
Fax: +94 11 5551777

**Co. Reg. No.** PV 5529

**Auditors :** Messrs Ernst & Young (Chartered Accountants)

## Plantation

### Balangoda Plantations PLC

#### Board of Directors

D. H. S. Jayawardena – Chairman / Managing Director  
C. R. Jansz  
M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)  
D. Hasitha S. Jayawardena  
Dr. A. Shakthevale  
D. S. K. Amarasekera  
K. Dayaparan (Appointed w.e.f. 15.09.2022)  
A. L. Gooneratne (Resigned w.e.f. 15.09.2022)

**Secretary :** P. A. Jayatunga

#### Registered Office

110, Norris Canal Road, Colombo 10  
Tel: +94 11 2522871-2  
Fax: +94 11 2522913

**Co. Reg. No.** PQ 165

**Auditors :** Messrs KPMG (Chartered Accountants)

# GROUP DIRECTORY

## Madulsima Plantations PLC

### Board of Directors

D. H. S. Jayawardena – Chairman / Managing Director  
 C. R. Jansz  
 M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)  
 D. Hasitha S. Jayawardena  
 Dr. A. Shakthevale  
 D. S. K. Amarasekera  
 K. Dayaparan (Appointed w.e.f. 15.09.2022)  
 Dr. N. M. Abdul Gaffar (Resigned w.e.f. 01.10.2022)

**Secretary :** P. A. Jayatunga

### Registered Office

833, Sirimavo Bandaranaike Mawatha, Colombo 14

Tel: +94 11 2522871-2

Fax: +94 11 2522913

**Co. Reg. No.** PQ 184

**Auditors :** Messrs KPMG (Chartered Accountants)

## Telecommunication

### Lanka Bell Limited

#### Board of Directors

D. H. S. Jayawardena – Chairman  
 Dr. T. K. D. A. P. Samarasinghe – Managing Director  
 C. R. Jansz  
 M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)  
 D. S. C. Mallawaarachchi  
 A. L. Gooneratne (Resigned w.e.f. 22.09.2022)

**Secretary :** Ms. C. M. Chandrapala

#### Registered Office

110, Norris Canal Road, Colombo 10

Tel: +94 11 5335000

Fax: +94 11 5545988

**Co. Reg. No.** PB 306

**Auditors :** Messrs KPMG (Chartered Accountants)

### Bellactive (Pvt) Limited

#### Board of Directors

D. H. S. Jayawardena – Chairman  
 Dr. T. K. D. A. P. Samarasinghe – Managing Director  
 M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)  
 D. S. C. Mallawaarachchi  
 A. L. Gooneratne (Resigned w.e.f. 22.09.2022)

**Secretary :** Ms. C. M. Chandrapala

#### Registered Office

110, Norris Canal Road, Colombo 10

Tel: +94 11 5335000

**Co. Reg. No.** PV 61396

**Auditors :** Messrs Amarasekara & Company (Chartered Accountants)

### Bell Solutions (Pvt) Limited

#### Board of Directors

D. H. S. Jayawardena – Chairman  
 Dr. T. K. D. A. P. Samarasinghe – Managing Director  
 M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)  
 D. S. C. Mallawaarachchi  
 A. L. Gooneratne (Resigned w.e.f. 22.09.2022)

**Secretary :** Ms. C. M. Chandrapala

#### Registered Office

110, Norris Canal Road, Colombo 10

Tel: +94 11 5335000

**Co. Reg. No.** PV 61398

**Auditors :** Messrs Amarasekara & Company (Chartered Accountants)

## Financial Services

### Continental Insurance Lanka Limited

#### Board of Directors

G. D. C. De Silva - Managing Director  
 T. S. A. Fernandopulle  
 C. P. Abeywickrema  
 T. F. Daetwyler  
 Ms. B. D. C. Cooke  
 T. R. A. Angunawela (Appointed w.e.f. 04.05.2022)

**Secretaries :** P. W. Corporate Secretarial (Pvt) Limited

#### Registered Office

79, Dr. C. W. W. Kannangara Mawatha, Colombo 07

Tel : +94 11 5200300

**Co. Reg. No.** PB 3784

**Auditors :** Messrs KPMG (Chartered Accountants)

### Continental Insurance Life Lanka Limited

#### Board of Directors

G. D. C. De Silva - Managing Director  
 C. P. Abeywickrema  
 T. F. Daetwyler

**Secretaries :** P. W. Corporate Secretarial (Pvt) Limited

#### Registered Office

79, Dr. C. W. W. Kannangara Mawatha, Colombo 07

Tel : +94 11 5200300

**Co. Reg. No.** PB00247558

**Auditors :** Messrs KPMG (Chartered Accountants)

## Diversified Holdings

### Milford Holdings (Pvt) Limited

#### Board of Directors

D. H. S. Jayawardena – Chairman  
C. R. Jansz  
Capt. K. J. Kahanda (Retd.)

**Secretary :** Ms. N. C. Gunawardena

#### Registered Office

110, Norris Canal Road, Colombo 10  
Tel: +94 11 2695295-7 Fax: +94 11 2696360

**Co. Reg. No.** PV 5944

**Auditors :** Messrs KPMG (Chartered Accountants)

### Aitken Spence PLC

#### Board of Directors

D. H. S. Jayawardena – Chairman  
Dr. M. P. Dissanayake - Deputy Chairman/Managing Director  
Ms. D. S. T. Jayawardena  
Dr. R. M. Fernando  
J. M. S. Brito  
C. H. Gomez  
N. de S. Deva Aditya  
R. N. Asirwatham  
C. R. Jansz (Appointed w.e.f. 14.02.2023)  
M. A. N. S. Perera (Appointed w.e.f. 25.04.2023)  
G. C. Wickremasinghe (Resigned w.e.f. 30.11.2022)

**Secretaries :** Aitken Spence Corporate Finance (Private) Limited

#### Registered Office

315, Vauxhall Street, Colombo 02  
Tel: +94 11 2308308  
Fax : +94 11 2445406  
Web: www.aitkenspence.com

**Co. Reg. No.** PQ 120

**Auditors :** Messrs KPMG (Chartered Accountants)

### Timpex (Pvt) Limited

#### Board of Directors

D. H. S. Jayawardena – Chairman  
J. D. Peiris – Managing Director  
H. I. Munasinha  
D. S. C. Mallawaarachchi  
A. L. Gooneratne (Resigned w.e.f. 22.09.2022)

**Secretaries :** Ms. N. C. Gunawardena

#### Registered Office

1st Floor, Lakshman's Building,  
321, Galle Road, Colombo 03  
Tel: +94 11 2565951

**Co. Reg. No.** PV 17863

**Auditors :** Messrs KPMG (Chartered Accountants)

### Texpro Industries Limited

#### Board of Directors

D. H. S. Jayawardena – Chairman  
J. D. Peiris – Managing Director  
H. I. Munasinha  
D. S. C. Mallawaarachchi  
A. L. Gooneratne (Resigned w.e.f. 22.09.2022)

**Secretaries :** Ms. N. C. Gunawardena

#### Registered Office

1st Floor, Lakshman's Building,  
321, Galle Road, Colombo 03  
Tel: +94 11 2565951

**Co. Reg. No.** PB 748

**Auditors :** Messrs KPMG (Chartered Accountants)

### Bellvantage (Private) Limited

#### Board of Directors

Dr. T. K. D. A. P. Samarasinghe - Managing Director  
L. U. D. Fernando (Appointed w.e.f. 26.09.2022)  
M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)  
P. Karunanayake  
D. S. C. Mallawarachchi  
A. L. Gooneratne (Resigned w.e.f. 22.09.2022)

**Secretary :** Ms. N. C. Gunawardena

#### Registered Office

110, Norris Canal Road, Colombo 10

**Co. Reg. No.** PV : 65022

**Auditors :** Messrs Amarasekara & Company (Chartered Accountants)

### Melsta Logistics (Pvt) Limited

#### Board of Directors

M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)  
L. U. D. Fernando (Appointed w.e.f. 26.09.2022)  
T. Q. Fernando  
D. S. C. Mallawaarachchi  
A. L. Gooneratne (Resigned w.e.f. 22.09.2022)

**Secretary :** Ms. N. C. Gunawardena

#### Registered Office

160, Negombo Road, Seeduwa  
Tel: +94 11 5223300  
Fax: +94 11 5223322  
Web: www.crc.lk

**Co. Reg. No.** PV 14051

**Auditors :** Messrs Amarasekara & Company (Chartered Accountants)

# GROUP DIRECTORY

<p><b>Splendor Media (Pvt) Limited</b>  <b>Board of Directors</b>            Ms. D. S. T. Jayawardena – Chairperson            Ms. G. Chakravarthy            N. N. Nagahawatte            O. A. R. P. Obeyesinghe</p>	<p><b>Secretary :</b> Ms. N. C. Gunawardena  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 5639501            Fax: +94 11 5373344  <b>Co. Reg. No.</b> PV 1230  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Bogo Power (Pvt) Limited</b>  <b>Board of Directors</b>            D. H. S. Jayawardena – Chairman            C. R. Jansz            M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)            Dr. N. M. Abdul Gaffar            K. Dayaparan (Appointed w.e.f. 15.09.2022)            A. L. Gooneratne (Resigned w.e.f. 22.09.2022)</p>	<p><b>Secretary :</b> P. A. Jayatunga  <b>Registered Office</b>            833, Sirimavo Bandaranaike Mawatha, Colombo 14            Tel: +94 11 2522871-2 Fax: +94 11 2522913  <b>Co. Reg. No.</b> PV 64901  <b>Auditors :</b> Messrs Ernst &amp; Young (Chartered Accountants)</p>
<p><b>Browns Beach Hotels PLC</b>  <b>Board of Directors</b>            D. H. S. Jayawardena – Chairman            Dr. M. P. Dissanayake            Ms. D. S. T. Jayawardena            N. de S. Deva Aditya            C. R. Stanislaus            M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)            R. N. Asirwatham            A. L. Gooneratne (Resigned w.e.f. 30.06.2022)</p>	<p><b>Secretaries :</b> Aitken Spence Corporate Finance (Private) Limited  <b>Registered Office</b>            315, Vauxhall Street, Colombo 02            Tel: +94 11 2308308 Fax: +94 11 2308099  <b>Co. Reg. No.</b> PQ 202  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Properties (Pvt) Limited</b>  <b>Board of Directors</b>            Capt. K. J. Kahanda (Retd.)            S. Rajanathan            R. R. P. L. S. Ratnayake</p>	<p><b>Secretary :</b> Ms. N. C. Gunawardena  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 5900300 Fax : +94 11 2695794  <b>Co. Reg. No.</b> PV 78422  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Tower (Pvt) Limited</b>  <b>Board of Directors</b>            M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)            L. U. D. Fernando (Appointed w.e.f. 26.09.2022)            Ms. S. A. Atukorale            D. S. C. Mallawaarachchi            A. L. Gooneratne (Resigned w.e.f. 22.09.2022)</p>	<p><b>Secretary :</b> Ms. N. C. Gunawardena  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 5900300 Fax : +94 11 2695794  <b>Co. Reg. No.</b> PV 90157  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Technologies (Pvt) Limited</b>  <b>Board of Directors</b>            B. K. J. P. Rodrigo            P. Karunanayke            D. A. C. Peiris            D. M. Welikandage</p>	<p><b>Secretary :</b> Ms. N. C. Gunawardena  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 5288625 Fax : +94 11 2695794  <b>Co. Reg. No.</b> PV 104028  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Health (Private) Limited</b>  <b>Board of Directors</b>            D. H. S. Jayawardena – Chairman            C. R. Jansz            M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)            Dr. K. T. Iraivan (Appointed w.e.f. 15.06.2023)            D. Hasitha S. Jayawardena            Dr. A. N. Balasuriya            A. L. Gooneratne (Resigned w.e.f. 22.09.2022)</p>	<p><b>Secretary :</b> Ms. V. J. Senaratne  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 5288625 Fax : +94 11 2695794  <b>Co. Reg. No.</b> PV 118630  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>

<p><b>Melsta Laboratories (Private) Limited</b> <b>Board of Directors</b></p> <p>M. A. N. S. Perera (Appointed w.e.f. 02.01.2023) L. U. D. Fernando (Appointed w.e.f. 26.09.2022) D. S. C. Mallawaarachchi Dr. K. T. Iraivan (Appointed w.e.f. 01.06.2023) Dr. A. C. Jayakody A. L. Gooneratne (Resigned w.e.f. 22.09.2022)</p>	<p><b>Secretary :</b> Ms. N. C. Gunawardena <b>Registered Office</b> 110, Norris Canal Road, Colombo 10 Tel: +94 11 5288625 Fax: +94 11 2695794 <b>Co. Reg. No.</b> PV 130983 <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Pharmaceuticals (Private) Limited</b> <b>Board of Directors</b></p> <p>M. A. N. S. Perera (Appointed w.e.f. 02.01.2023) L. U. D. Fernando Dr. K. T. Iraivan (Appointed w.e.f. 01.06.2023) N. Nagahawatte A. L. Gooneratne (Resigned w.e.f. 22.09.2022) Dr. A. C. Jayakody (Resigned w.e.f. 31.03.2023)</p>	<p><b>Secretary :</b> Ms. N. C. Gunawardena <b>Registered Office</b> 110, Norris Canal Road, Colombo 10 Tel: +94 11 5288625 Fax: +94 11 2695794 <b>Co. Reg. No.</b> PV 124904 <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Healthcare Colombo (Private) Limited</b> <b>Board of Directors</b></p> <p>M. A. N. S. Perera (Appointed w.e.f. 02.01.2023) L. U. D. Fernando (Appointed w.e.f. 26.09.2022) Dr. K. T. Iraivan D. S. C. Mallawaarachchi Dr. A. C. Jayakody (Resigned w.e.f. 31.03.2023) A. L. Gooneratne (Resigned w.e.f. 22.09.2022)</p>	<p><b>Secretary :</b> Ms. N. C. Gunawardena <b>Registered Office</b> 110, Norris Canal Road, Colombo 10 Tel: +94 11 5288625 Fax: +94 11 2695794 <b>Co. Reg. No.</b> PV 130988 <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Hospital Management Melsta (Private) Limited</b> <b>Board of Directors</b></p> <p>D. H. S. Jayawardena Dr. K. T. Iraivan A. L. Gooneratne (Resigned w.e.f. 22.09.2022) Dr. A. C. Jayakody (Resigned w.e.f. 31.03.2023) V. M. Fernando (Resigned w.e.f. 31.03.2023)</p>	<p><b>Secretary :</b> Ms. N. C. Gunawardena <b>Registered Office</b> 110, Norris Canal Road, Colombo 10 Tel: +94 11 5288625 Fax: +94 11 2695794 <b>Co. Reg. No.</b> PV 130982 <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Hospitals Ragama (Private) Limited</b> <b>Board of Directors</b></p> <p>C. R. Jansz – Chairman M. A. N. S. Perera (Appointed w.e.f. 02.01.2023) D. Hasitha S. Jayawardena Dr. K. T. Iraivan A. L. Gooneratne (Resigned w.e.f. 22.09.2022) Dr. A. C. Jayakody (Resigned w.e.f. 31.03.2023)</p>	<p><b>Secretary :</b> Ms. N. C. Gunawardena <b>Registered Office</b> 110, Norris Canal Road, Colombo 10. Tel : +94 11 5288625 Fax: +94 11 2695794 <b>Co. Reg. No.</b> PV 77421 <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Hospitals Colombo North (Private) Limited</b> <b>Board of Directors</b></p> <p>C. R. Jansz - Chairman D. Hasitha S. Jayawardena Dr. K. T. Iraivan A. L. Gooneratne (Resigned w.e.f. 22.09.2022) Dr. A. C. Jayakody (Resigned w.e.f. 31.03.2023)</p>	<p><b>Secretary :</b> Ms. N. C. Gunawardena <b>Registered Office</b> 110, Norris Canal Road, Colombo 10. Tel : +94 11 5288625 Fax: +94 11 2695794 <b>Co. Reg. No.</b> PV 89856 <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Formula World (Private) Limited</b> <b>Board of Directors</b></p> <p>G. D. C. De Silva T. S. A. Fernandopulle (Resigned w.e.f. 23.06.2022) C. Abeywickremara (Appointed w.e.f. 05.05.2022)</p>	<p><b>Secretary :</b> P. W. Corporate Secretarial (Pvt) Limited <b>Registered Office</b> No. 79, C.W.W. Kannangara Mawatha, Colombo 7. Tel: +94 11 5200200 <b>Co. Reg. No.</b> PV 00225362 <b>Auditors :</b> KPMG (Chartered Accountants)</p>

# GROUP DIRECTORY

<p><b>Pelwatte Sugar Industries PLC</b>  <b>Board of Directors</b>  D. H. S. Jayawardena  Capt. K. J. Kahanda (Retd.)  R. Wettewa  D. A. de S. Wickramanayake  D. H. J. Gunawardena  C. S. Weeraratne  D. A. E. de S. Wickramanayake  K. K. U. Wijeyesekera</p>	<p><b>Secretaries :</b> Managers &amp; Secretaries (Pvt) Limited  <b>Registered Office</b>  27, Melbourne Avenue, Colombo 04  Tel: +94 11 2589390 Fax: +94 11 2500674  <b>Co. Reg. No.</b> PQ 30  <b>Auditors :</b> Messrs Ernst &amp; Young (Chartered Accountants)</p>
<p><b>Pelwatte Sugar Distilleries (Pvt) Limited</b>  <b>Board of Directors</b>  Capt. K. J. Kahanda (Retd.) - Managing Director  D. A. de S. Wickramanayake</p>	<p><b>Secretaries :</b> Managers &amp; Secretaries (Pvt) Limited  <b>Registered Office</b>  27, Melbourne Avenue, Colombo 04  Tel: +94 11 2589390 Fax: +94 11 2500674  <b>Co. Reg. No.</b> PV 10221  <b>Auditors :</b> Messrs Ernst &amp; Young (Chartered Accountants)</p>
<p><b>Pelwatte Agriculture &amp; Engineering Services (Pvt) Limited</b>  <b>Board of Directors</b>  D. A. de S. Wickramanayake  C. S. Weeraratne</p>	<p><b>Secretaries :</b> Managers &amp; Secretaries (Pvt) Limited  <b>Registered Office</b>  27, Melbourne Avenue, Colombo 04  Tel: +94 11 2589390 Fax: +94 11 2500674  <b>Co. Reg. No.</b> PV 66850  <b>Auditors :</b> Messrs Ernst &amp; Young (Chartered Accountants)</p>

## Joint Venture

<p><b>Melsta Gama (Private) Limited</b>  <b>Board of Directors</b>  D. H. S. Jayawardena  M. S. Mawzoon  V. M. Fernando (Resigned w.e.f. 15.10.2023)  M. T. Siddique  Capt. K. J. Kahanda (Retd.)  L. U. D. Fernando (Appointed w.e.f. 17.10.2022)  S. Gurung  D. Hasitha S. Jayawardena (Alternate to D. H. S. Jayawardena)</p>	<p><b>Secretaries :</b> Corporate Services (Private) Limited  <b>Registered Office</b>  6, Flower Terrace, Colombo 04.  Tel: +94 11 257 4042 Fax: +94 11 2575045  <b>Co. Reg. No.</b> PV 123310  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
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## Associates

<p><b>Pelwatte Dairy Industries Limited</b>  <b>Board of Directors</b>  D. A. de S. Wickramanayake  D. A. E. de S. Wickramanayake  D. H. J. Gunawardena  A. N. F. Perera</p>	<p><b>Secretaries :</b> Maidas Secretarial Services (Pvt) Limited  <b>Registered Office</b>  A/4, Perahera Mawatha, Colombo 03  <b>Co. Reg. No.</b> PV 16876  <b>Auditors:</b> Messrs Ernst &amp; Young (Chartered Accountants)</p>
<p><b>Amethyst Leisure Limited</b>  <b>Board of Directors</b>  Ms. D. S. T. Jayawardena - Chairperson  Ms. V. J. Senaratne  C. M. S. Jayawickrama  B. G. D. L. P. Wijeratne  M. A. N. S. Perera (Appointed w.e.f. 17.05.2023)</p>	<p><b>Secretaries :</b> Aitken Spence Corporate Finance (Private) Limited  <b>Registered Office</b>  315, Vauxhall Street, Colombo 02  Tel: +94 11 2308308 Fax: +94 11 2308099  <b>Co. Reg. No.</b> PQ 202  <b>Auditors:</b> Messrs KPMG (Chartered Accountants)</p>

# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING OF MELSTACORP PLC will be held as a virtual meeting, via the online meeting platform Zoom at the "Mini Auditorium" DCSL, No 110, Norris Canal Road, Colombo 10. Sri Lanka on 22nd September 2023 at 11.00 a.m. for the following purposes.

1. To receive and consider the Annual Report of the Directors and the Financial Statements of the company for the year ended 31st March 2023.
2. To re-appoint M/s. KPMG, Chartered Accountants, as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31st March 2024.
3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. D. H. S. Jayawardena who has reached the age of 81 years.

"IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. D. H. S. Jayawardena who has reached the age of 81 years prior to the Annual General Meeting and that he shall accordingly be re-appointed"

4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. C. R. Jansz who has reached the age of 70 years.

"IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. C. R. Jansz who has reached the age of 70 years prior to the Annual General Meeting and that he shall accordingly be re-appointed"

5. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. N. de S. Deva Aditya who has reached the age of 75 years.

"IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N. de S. Deva Aditya who has reached the age of 75 years prior to the Annual General Meeting and that he shall accordingly be re-appointed"

6. To re-elect as a Director Mr. K. J. Kahanda who retires from office at the end of this Annual General Meeting in terms of the Article 86 of the Articles of Association of the Company and being eligible has offered himself for re-election.

7. To elect Mr. L. U. D. Fernando who retires in terms of the Article 93 of the Articles of Association of the Company, as a Director.
8. To elect Mr. M. A. N. S. Perera who retires in terms of the Article 93 of the Articles of Association of the Company, as a Director.
9. To elect Mr. M. R. Mihular who retires in terms of the Article 93 of the Articles of Association of the Company, as a Director.
10. To approve the donations and contributions made by the Directors during the year under review and to authorise the Directors to determine donations and contributions for the ensuing year.

By order of the Board,  
**CORPORATE SERVICES (PRIVATE) LIMITED**

Secretaries  
**MELSTACORP PLC**  
216, De Saram Place, Colombo 10.

31st August 2023, Colombo.

## NOTES:

1. The Annual General Meeting of Melstacorp PLC will be held as a virtual meeting via the online meeting platform Zoom by participants joining in person or proxy and through audio or audio visual means in the manner specified below.

### I. Shareholder Participation

- a. Any Shareholder entitled to attend and vote is entitled to appoint a proxy or proxies in his/her stead. A form of proxy accompanies this notice. A proxy need not be a Shareholder of the Company.
- b. The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.
- c. The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through audio or audio visual means only.
- d. The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio visual means, via the online meeting platform Zoom. To facilitate this process, the shareholders are required to furnish the details of the shareholder and proxy holder, if

# NOTICE OF MEETING

any, by perfecting Annexure II to the circular to shareholders uploaded to the company website and the website of the Colombo Stock Exchange and forward same to [agm2023@melsta.com] or by post to the registered address of the company No. 110, Norris Canal Road, Colombo 10, Sri Lanka, to reach the Company not less three (3) days before the date appointed for holding the meeting so that the meeting login information could be forwarded to the e-mail address as provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.

- e. To facilitate the appointment of proxies, the Form of Proxy uploaded to the company website and Colombo Stock Exchange website and the duly filled Form of Proxy should be sent to reach the Registrars of the Company via e mail [agm2023@melsta.com] or by post to the registered address of the company No. 110, Norris Canal Road, Colombo 10, Sri Lanka, not less than thirty six (36) hours before the time fixed for the meeting.

## II. Shareholder's Queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company, via e-mail to [agm2023@melsta.com] or by post to the registered address of the Company No. 110, Norris Canal Road, Colombo 10, Sri Lanka not less than three (03) days before the date of the meeting. This is in order to enable the Company to compile the queries and forward the same to the attention of the Board of Directors so that same could be addressed at the meeting.

2. Voting in respect of the resolutions sought to be passed will be registered by using the online meeting platform Zoom or another designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.
3. Shareholders can use the "Q&A Forum" to communicate your questions/concerns as and when required.
4. The Annual Report of the Company for the year 2022/23 will be available for perusal of the Company website [www.melstacorp.com](http://www.melstacorp.com) and the Colombo Stock Exchange website on [www.cse.lk](http://www.cse.lk).
5. For any questions please contact Ms N. C. Gunawardena of Melstacorp PLC as follows during office hours:  
Telephone: +94 11 5900380, +94 11 5900300 Ext: 380  
Email: [agm2023@melsta.com]

# FORM OF PROXY

Folio No. |

I / We.....  
of.....being a shareholder / shareholders of Melstacorp PLC hereby appoint Don Harold Stassen Jayawardena\* or failing him Cedric Royle Jansz\* or failing him Niranjan de Silva Deva Aditya\* or failing him Kolitha Jagath Kahanda\* or failing him Adrian Naomal Balasuriya\* or failing him Don Hasitha Stassen Jayawardena\* or failing her Don Therese Stasshani Jayawardena\* or failing him Lintotage Udaya Damien Fernando\* or failing him Mellawatantrige Anton Niroschan Sampath Perera\* or failing him Reyaz Mihular\* or failing him

or.....of.....  
..... as my/our\* proxy to vote for me/us on my/our behalf for/or against the resolution and/or to speak at the Annual General Meeting of the Company to be held on the 22nd day of September 2023 and at any adjournment thereof.\* Please delete the inappropriate words.

\*\* Please write your Folio Number which is given on the top left of the address sticker

.....  
Signature of Shareholder

Dated this .....day of .....2023.

## Notes:

1. Proxy need not be a shareholder of the Company.
2. In terms of the Article 72 of the Articles of Association of the Company.

The instrument appointing a proxy shall be in writing and, In the case of an individual shall be signed by the appointer or by his attorney; and in the case of a corporation shall be signed as provided by its Articles of Association by person/s authorised to do so, on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any person so signing, A proxy need not be a shareholder of the Company.

3. In terms of Article 73 of the Articles of Association of the Company.

The instrument appointing a proxy, and the power of attorney (if any) under which it is signed, or a notarially certified copy of such power, or any other document necessary to show the validity of or otherwise relating to the appointment of the Proxy shall be deposited for inspection at the Office or sent by electronic mail to an electronic mail account notified by the Company to the Shareholders in writing not less than thirty six hours before the time appointed for holding the meeting or adjourned meeting, or in the case of a poll before the time appointed for taking of the poll at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid, provided however in the case of a meeting called by shorter notice as set out in Section 135(3) of the Act a proxy and any other documents as aforesaid shall be valid if deposited at the Office or received by electronic mail to an electronic mail account notified by the Company to the Shareholders in writing not less than twenty four hours before the time appointed for holding the meeting called by such shorter notice or such adjourned meeting.

4. In terms of Article 67 of the Articles of Association of the Company.

In the case of joint-holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint-holders, and for this purpose seniority shall be determined by the order in which the name stands in the Register of Shareholders in respect of the joint holding.

5. Instructions as to completion are noted overleaf;

# FORM OF PROXY

## **Instructions as to Completion of Form of Proxy**

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.
2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.
3. In the case of a Company / Corporation, the Form of Proxy shall be executed in the manner specified in the Articles of Association of Melstacorp PLC.
4. In the absence of any specific instructions as to voting, the proxy may use his / her discretion in exercising the vote on behalf of his appointer.
5. Duly filled forms of proxy should be sent to reach the Company via e-mail to [agm2023@melsta.com](mailto:agm2023@melsta.com) or by post to the registered address of the Company No: 110, Norris Canal Road, Colombo 10, Sri Lanka, not less than thirty six (36) hours before the time appointed for the holding of the meeting.



මෙම වාර්තාව සම්පූර්ණයෙන්ම පිළියෙල කර ඇත්තේ ඉංග්‍රීසි භාෂාවෙනි. ඔබට සභාපතිතුමාගේ පණිවුඩය, අධ්‍යක්ෂවරුන්ගේ වාර්ෂික වාර්තාව සහ විගණක වාර්තාව සිංහල හෝ දෙමළ භාෂාවෙන් සකසන ලද පරිවර්තනයක් අවශ්‍ය නම්, ඒ බව ලේකම්, මෙල්ස්ටාකෝප් පීව්ලීසී අංක 110, නෝරිස් කැනල් පාර, කොළඹ 10 යන ලිපිනයට 2023, සැප්තැම්බර් මස 15 වෙනි දිනට ප්‍රථම දන්වන්න.

இவ்வறிக்கை முழுமையாக ஆங்கிலத்தில் உள்ளது. தலைவரின் செய்தி, பணிப்பாளர் சபையின் வருடாந்த அறிக்கை, கணக்காய்வாளரின் அறிக்கை, ஆகியவற்றின் சிங்களம் அல்லது தமிழ் மொழிபெயர்ப்பு வேண்டுமாயின், தயவுசெய்து கடிதம் மூலம் பின்வரும் விலாசத்திற்கு, 2023 செப்டம்பர் மாதம் 15 திகதிக்கு முன் அறிவிக்கவும். கம்பனி செயலாளர், மெல்ஸ்டாகோப் பி.எஸ்.சி, இலக்கம் 110, நொரிஸ் கெனல் வீதி, கொழும்பு 10.

This report is entirely in English. If you require a translated copy of The Chairman's Statement, Annual Report of the Board of Directors and The Auditor's Report in Sinhala or Tamil, please make a request by letter addressed to the Secretary, Melstacorp PLC, No. 110, Norris Canal Road, Colombo 10 before 15th day of September 2023.

# CORPORATE INFORMATION

## Company Name

Melstacorp PLC

## Domicile and Legal Form of the Holding Company

Public Limited Liability Company Incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange

## Registration No.

PB 11755 PQ

## Ultimate Parent Company

Milford Exports (Ceylon) (Pvt) Ltd.

## Registered Office

110, Norris Canal Road,  
Colombo 10, Sri Lanka.  
Tel: +94 11 5900300  
Fax: +94 11 5900333  
Web: www.melstacorp.com

## Board of Directors

Mr. D. H. S. Jayawardena  
Mr. M. A. N. S. Perera (Appointed w.e.f. 02.01.2023)  
Mr. C. R. Jansz  
Mr. N. de S. Deva Aditya  
Capt. K. J. Kahanda (Retd.)  
Dr. A. N. Balasuriya  
Mr. D. Hasitha S. Jayawardena  
Ms. D. S. T. Jayawardena (Appointed w.e.f. 15.09.2022)  
Mr. L. U. D. Fernando (Appointed w.e.f. 22.09.2022)  
Mr. M. R. Mihular (Appointed w.e.f. 01.04.2023)  
A. L. Gooneratne (Resigned w.e.f. 15.09.2022)  
Mr. R. Seevaratnam (Demised on 19.01.2023)  
Ms. V. J. Senaratne (Alternate to Mr. N. de S. Deva Aditya)

## Audit Committee

Mr. M. R. Mihular - Chairman (Appointed w.e.f. 01.04.2023)  
Dr. A. N. Balasuriya  
Mr. N. de S. Deva Aditya  
Mr. D. Hasitha S. Jayawardena  
Mr. R. Seevaratnam (Deceased on 19.01.2023)

## Remuneration Committee

Dr. A. N. Balasuriya - Chairman  
Mr. N. de S. Deva Aditya  
Mr. D. Hasitha S. Jayawardena

## Related Party Transactions Review Committee

Mr. M. R. Mihular - Chairman (Appointed w.e.f. 01.04.2023)  
Dr. A. N. Balasuriya  
Mr. D. Hasitha S. Jayawardena  
Mr. R. Seevaratnam (Deceased on 19.01.2023)

## Nomination Committee

Mr. N. de S. Deva Aditya - Chairman  
Mr. C. R. Jansz  
Mr. D. Hasitha S. Jayawardena

## Company Secretary

Corporate Services (Private) Limited  
No.216, De Saram Road,  
Colombo 10, Sri Lanka.  
Tel: +94 11 4605100 Fax: +94 11 4718220

## Registrars

Central Depository Systems (Pvt) Ltd.  
Registrar Services and Corporate Actions Unit  
No.341/5, M & M Center, Kotte Road,  
Rajagiriya, Sri Lanka.  
Tel: +94 11 2356456  
Fax: +94 11 2440396

## Auditors

Messrs KPMG (Chartered Accountants)  
32A, Sir Mohamed Macan Marker Mawatha,  
Colombo 03, Sri Lanka.

## Bankers

Bank of Ceylon  
Commercial Bank of Ceylon PLC  
DFCC Bank PLC  
Hatton National Bank PLC

## Credit Rating

The Company has been assigned 'AAA (lka)' National Long Term Rating with a Stable Outlook by Fitch Ratings Lanka Limited.

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Printed by Aitken Spence Printing & Packaging (Pvt) Ltd



[www.melstacorp.com](http://www.melstacorp.com)

**Melstacorp PLC**

110, Norris Canal Road, Colombo 10, Sri Lanka  
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