

# CARSON CUMBERBATCH PLC

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Annual Report 2020/21



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CARSON

CUMBERBATCH PLC

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# Financial Highlights

(Amounts expressed in Sri Lankan Rs.'000 unless otherwise stated)

For the year ended/as at 31st March	2021	2020	% Change
<b>Income Statement</b>			
Group revenue	114,835,847	105,914,515	8
Profit from operations	16,741,927	10,308,578	62
Profit/(loss) before taxation	14,303,789	(481,544)	3,070
Profit/(loss) after taxation from continuing operations	9,805,232	(2,652,703)	470
EBITDA	23,552,154	16,680,316	41
Profit/(loss) attributable to ordinary shareholders	4,820,851	(1,527,808)	416
Cash earning per share (Rs.)	82.01	27.07	203
Earnings/(loss) per share (Rs.) - Group	24.55	(7.78)	416
Dividend per share (Rs.) - Company	0.75	0.75	-
<b>Statement of Cash flow</b>			
Operating cash flow	16,105,913	5,315,946	203
Capital expenditure	9,193,688	7,810,103	18
<b>Statement of Financial Position</b>			
Shareholders' funds	39,198,344	26,964,499	45
Net assets	79,080,525	55,185,964	317
Net assets per ordinary share (Rs.)	199.60	137.30	45
Return on ordinary shareholders' funds (%)	12.30%	-5.67%	317
Total assets	197,074,212	172,887,674	14
Net debt	62,753,092	66,874,488	(6)
<b>Market/Shareholder Information</b>			
Market value per share (Rs.) - Company	279	155	80
Enterprise value (Rs. Mn)	157,329	125,536	25
Market capitalization (Company) (Rs. Mn)	54,694	30,440	80
Revenue to Government of Sri Lanka (Rs. Mn)	36,892	38,608	(4)
Economic value retained (Rs. Mn)	16,374	3,764	335
Group employment (Nos.)	13,492	14,014	(4)
Employee benefit liability as of 31 March	1,566,372	1,165,496	34

# Chairman's Statement

## Dear Shareholders,

I am pleased to report that we have delivered a resilient performance for the financial year 2020/21 under challenging business and economic conditions, disrupted primarily due to the global COVID-19 crisis and its repercussions.

With the outbreak of the pandemic, the health and safety of our employees took on a new significance. We established comprehensive COVID-19 response plans across every business unit of the Group, centred on tight health and safety protocols, sanitisation procedures and agile work arrangements. In addition, detailed educational sessions were arranged across the organisation to establish awareness on the new safety protocols and procedures associated with the pandemic. These multifaceted preventive actions which were implemented at the onset of the pandemic carried us through the year, greatly minimising our exposure to potential pandemic-related threats. Moreover, pragmatic cost-control efforts and streamlined operations greatly enabled us to raise efficiencies and relieve the pressure induced by the pandemic on the Group's liquidity position during the year.

### OUR PERFORMANCE

Our local and international business verticals were equally grappled with the challenges posed by the pandemic. However, the impact on some sectors

outweighed the others, due to the disproportionate toll on Sri Lanka's tourism sector, the downturn in the Sri Lankan economy and the reduced local consumption activity. The inevitable pandemic-driven barriers to mobility, experienced both domestically and internationally tapered off our overall profit growth during the year. Our performance, however is a testament of our resilience and hard work, which enabled the Group to achieve a top-line of Rs. 114.8 Bn with an underlying growth of 8% and a profit before tax of Rs. 14.3 Bn for the financial year ended 31st March 2021. The core profit before tax excluding the effects of fair value movements and currency gains stood at Rs. 9.97 Bn; an extremely satisfactory accomplishment in comparison to the corresponding year's Rs. 2.91 Bn after similar adjustments.

Sri Lanka entered a nationwide lockdown from mid-March 2020 until May 2020 with the international airport prohibiting arrivals from March 2020 until January 2021. Consequently, the profit potential of the consumer oriented Beverage and Leisure sectors of the Group were substantially crippled, particularly during the initial months of the year under review. However, with the successful containment of the first cluster within the country, we were able to factor in a slow recovery for a few months from the domestic market base, until a second wave of infections abruptly emerged in October 2020 with new lockdowns and restrictions, though the final quarter of the year saw us progress again.

Despite the pandemic-related hardships, the Beverage sector was able to cushion its local shocks to a certain extent through the expansion of its exports segment during the year, which presently spans over 25 countries. Even amidst numerous market uncertainties, the sector expanded its export sales volumes by 15% YoY during the year while the consequent export revenues grew by 23% YoY.

In the meantime, revenue growth of the Real Estate sector of the Group was hindered, as occupancy rates and rent rates across all grades of office space in the industry came under significant pressure due to the cash flow burdens brought upon by the pandemic on tenants' businesses. In terms of the Portfolio and Asset Management sector, after a short-lived closure, the Colombo Stock Exchange continued to be operational during the financial year with a strong rally in the indices, which positively favoured the sector's performance during the year.

On the international front, we noted significant volatility across global crude palm oil prices during the year, with a steep rise in the monthly spot prices of Crude Palm Oil (CPO) in Bursa Malaysia. Industry factors such as weather-related supply constraints on soya-bean oil, improved demand after the first wave of lockdowns, Indonesia's B30 biodiesel purchasing program, La Niña weather impact to the plantation operations, and the recovery of crude oil prices collectively contributed towards this CPO price increase.

During this year in response to COVID-19, we continued to care for our society by spearheading special community drives to uplift the livelihoods of our surrounding communities. In terms of support extended towards national COVID-19 eradication efforts, we partnered with the Ministry of Health and Indigenous Medicine, Rotary International and University of Colombo to enhance the country's capacity for PCR testing and related infrastructure.

In spite of the numerous challenges posed by the pandemic, our Oil Palm Plantations sector was able to successfully reach its highest ever crop by internally producing 1.3 Mn Metric Tonnes of Fresh Fruit Bunches during the period under review, and sold over 318,500 Metric Tonnes of CPO volumes despite a reduction in external crop purchases during the first half of the year.

The global CPO price trend had a direct correlation to palm kernel price increase. Concurrently, the demand for confectionery and bakery items contracted considerably in the first six months due to curtailed discretionary spending and logistic impediments arising from the pandemic, subsequently leading to idling capacity in the industry. On a more positive note, the sector was able to notably reduce its net finance expenses by 35.3% YoY in rupee terms in the year under review. During the year, the sector's margarine production plant continued to consolidate its production plans by improving its client base in collaboration with its joint venture partner J-Oil INC.

### KEY SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Despite pandemic-induced challenges, we remained committed to maintain sustainability standards across the Group's business activities. During 2020, the sustainability efforts of our plantations were recognised internationally in the Sustainability Policy Transparency Toolkit (SPOTT) assessment conducted by the Zoological Society of London, where Goodhope was ranked 17th out of 100 palm oil companies. Further, Goodhope allocated a total of USD 321,016 during the 2020/21 financial year for environmental monitoring, conservation management and landscape programmes as part of the Company's natural resource conservation initiatives. Lion Brewery progressed in its energy conservation programme, by reducing its electricity, water and fossil fuel consumption during the year.

During this year in response to COVID-19, we continued to care for our society by spearheading special community drives to uplift the livelihoods of our surrounding communities. In terms of support extended towards national COVID-19 eradication efforts, we partnered with

Rs. 114.8 Bn

Revenue

Rs. 14.3 Bn

Profit Before Tax

8%

Revenue growth Year-on-Year

the Ministry of Health and Indigenous Medicine, Rotary International and the University of Colombo to enhance the country's capacity for PCR testing and related infrastructure. In addition, we made a contribution to source a state-of-the-art, fully-automated PCR system and other ancillary equipment including personal protective gear for the Medical Research Institute in Colombo. Furthermore, Lion Brewery carried out four cycles of sanitisation of front-line government establishments along with the distribution of personal protective equipment for Public Health Inspectors, in collaboration with Red Cross Sri Lanka. Goodhope also donated five Engstrom Carestation ventilator units to hospitals in Indonesia to facilitate the intensive care treatment of COVID-19 patients.

## Chairman's Statement

### CLOSING REMARKS

Despite the present optimism arising from vaccination programmes, the multiple variants and strains of the COVID-19 pandemic continue to threaten lives, creating significant trauma and disruption throughout the world, resulting in recurrent bans on the mobility of people and goods and other economic complexities. Over the past year, we have recognised the power of preparedness as never before in navigating the uncertainties and unexpected challenges arising from extremely volatile business environments. During these turbulent times, we at Carson Cumberbatch will remain proactive, and decisively execute flexible and innovative business strategies across our diverse business segments while leveraging on our foundations, a strong balance sheet and the paramount strength of our loyal 13,000+ employee base.

Mr. V. P. Malalasekera and Mr. F. Mohideen resigned from the Board with effect from 31st December 2020, and I wish to express my gratitude and appreciation for their invaluable contributions and wise counsel over the years. Also, a very warm welcome to Messrs. M. M. Murugappan and Y. H. Ong who joined the Board with effect from 01st January 2021.

I would also like to put on record my sincere thanks and appreciation for the members of all Board Committees, all our management teams, valued employees, business partners and all other stakeholders for the outstanding support and commitment displayed throughout these challenging times. To all our shareholders, I extend a profound thank you for your continued trust and faith in us, as we progressively journey on towards our next chapter of growth.

(Sgd.)  
Tilak De Zoysa  
Chairman

19th July 2021  
Colombo

# Directors' Profile

## TILAK DE ZOYSA

A well-known figure in the Sri Lankan business community, Tilak de Zoysa, FCMI (UK) FPRI (SL), Honorary Consul for Croatia and Global Ambassador for HelpAge International was conferred the title of "Deshabandu" by His Excellency the President of Sri Lanka in recognition of his services to the Country and was the recipient of "The Order of the Rising Sun. Gold Rays with Neck Ribbon" conferred by His Majesty the Emperor of Japan. Recipient of the LMD lifetime achievers' Award 2017.

In addition to being the Chairman of the Supervisory Board (AMW) and Advisor to the Al-Futtaim Group of Companies in Sri Lanka, he Chairs Carson Cumberbatch PLC, Associated CEAT (Pvt) Ltd., Amaya Hotels and Resorts USA (Radisson), Jetwing Zinc Journey Lanka (Pvt) Ltd., Trinity Steel (Pvt) Ltd., CG Corp Global Sri Lanka, HelpAge Sri Lanka and Sasakawa Memorial Sri Lanka Japan Cultural Centre Trust.

He is also the Vice Chairman of CEAT Kelani Holdings (Pvt) Ltd., Orient Insurance Ltd. and serves on the boards of several listed and private Companies which include TAL Lanka Hotels PLC (Taj), TAL Hotels and Resorts Ltd, Nawaloka Hospitals PLC, Associated Electrical Corporation Ltd., INOAC Polymer Lanka (Pvt) Ltd., Cinnovation INC., and Varun Beverages Lanka (Pvt) Ltd. (Pepsi).

Mr. Tilak de Zoysa is a past Chairman of the Ceylon Chamber of Commerce, the National Chamber of Commerce of Sri Lanka, HelpAge International (UK), Colombo YMBA and served as a Member of the Monetary Board of Sri Lanka (2003-2009).

## HARI SELVANATHAN

Hari Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Carson Cumberbatch PLC. He is the Deputy Chairman/Group Chief Executive officer of Goodhope Asia Holdings Ltd.

He is the President Commissioner of the palm oil related companies in Indonesia. He holds directorships in several subsidiary companies within the Carsons Group and is also a Director of Sri Krishna Corporation (Private) Limited and the Chairman of Express Newspapers (Ceylon) Ltd. He is also the Chairman of Carsons Management Services (Private) Limited and Agro Harapan Lestari (Private) Limited, the Group's Management companies.

He was the Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka).

He counts over 20 years' experience in commodity trading in International Markets.

He holds a Bachelor's Degree in Commerce.

## MANO SELVANATHAN

Mano Selvanathan is the Chairman of Sri Krishna Corporation (Private) Limited, Ceylon Finance & Securities (Private) Ltd and Selinsing PLC. He is a Director of most of the Companies in the Carson Cumberbatch Group in Sri Lanka, Indonesia, Malaysia & Singapore and is an active Member of its Executive Management Forums.

He has served as the Chairman of the Ceylon Chamber of Commerce and The Indo Lanka Chamber of Commerce & Industry and also as the President of the Rotary Club of Colombo North. At present, he is the Honorary Consul of the Republic of Chile in Sri Lanka.

Mano Selvanathan was conferred the National Honours in Sri Lanka the 'DESAMANYA' title by H.E. The President of Sri Lanka, in recognition of the services rendered to the Nation in November 2005.

In January 2011, he was awarded with the prestigious 'PRAWASI BHARATIYA SAMMAN AWARD' by the President of India. He also received the Presidential

Honour of 'ORDER OF KNIGHT COMMANDER' in October 2013 awarded by the Government of Chile.

He holds a Bachelor's Degree in Commerce.

## CHANDIMA GUNAWARDENA

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of most of the Carsons Group Companies in Sri Lanka and overseas. He is also a Director of Bukit Darah PLC. Since assuming Non- Executive status in the Group, he serves as an advisor to the Group's Strategic Planning and Management forums in Sri Lanka and serves on Board Committees, including the Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

Mr. Gunawardena has over four decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He has served in the Management Committee of The Ceylon Chamber of Commerce for over 10 years and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

He is a Fellow of the Chartered Institute of Management Accountants, UK.

## SURESH SHAH

Mr. Suresh Shah is Chairman of Ceylon Tobacco Company PLC and a Director of Carson Cumberbatch PLC, Bukit Darah PLC and Hemas Manufacturing (Pvt) Ltd. He was previously a Board Member and Chief Executive of Ceylon Beverage Holdings PLC for 30 years. He was also the first Chief Executive of Lion Brewery Ceylon PLC and led the Company over its first 25 years whilst serving on its Board as well.

## Directors' Profile

He is a Past Chairman of the Ceylon Chamber of Commerce and of the Employers Federation of Ceylon. Previously, he has served as a Commissioner of the Securities and Exchange Commission of Sri Lanka, a Member of Council of the University of Moratuwa and a member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

### RAJENDRA THEAGARAJAH

[FCMA (UK), FCA (Sri Lanka), MBA (Cranfield) FIB (Hon), Sri Lanka]

Mr. Rajendra Theagarajah has been a veteran banker with a wealth of experience in the Banking and financial services sector. He counts over 36 years in banking both locally and overseas.

Presently, Mr. Theagarajah is a Senior Visiting Fellow of the Pathfinder Foundation a leading think tank in Sri Lanka.

Mr. Theagarajah served as the MD/CEO of Cargills Bank Limited till 30th September 2020. Prior to Cargills Bank, he served as Director/Chief Executive Officer (CEO) of National Development Bank PLC (NDB) from August 2013 till November 30, 2016 and as CEO/Managing Director at Hatton National Bank PLC for 9 years until June 2013. Mr. Theagarajah was also a past Chairman of the Sri Lanka Bankers' Association (Guarantee) Ltd, Financial Ombudsman Sri Lanka (Guarantee) Ltd, former Director of Colombo Stock Exchange and former Chairman of the Asian Bankers Association. He has also served as a Council Member of the Sri Lanka Institute of Directors.

He is a past Chairman of the Ceylon Chamber of Commerce. He has been a past Chairman of the Chartered Institute of Management Accountants (UK) Sri Lanka Governing Board. He was formerly a co-opted member of CIMA UK's Global Council.

### RAVI DIAS

A banker by profession, Ravi Dias served Commercial Bank of Ceylon PLC for nearly four decades and retired as the Managing Director/Chief Executive Officer of Commercial Bank of Ceylon PLC.

He is the Chairman of Seylan Bank PLC, Senkadagala Finance PLC and Ceylon Tea Marketing (Pvt) Ltd. He also serves on the Boards of Tokyo Cement Company (Lanka) PLC and McLarens Holdings Limited.

He served as Managing Director of Commercial Development Company PLC and had also served on the Boards of Lanka Clear (Pvt) Limited, Lanka Financial Services Bureau Limited, Academy of Financial Studies of the Ministry of Finance & Planning and was a Council Member of the Employers' Federation of Ceylon.

He holds a Degree in Law and is a Fellow of the Chartered Institute of Bankers (UK). He is also a Hubert. H. Humphrey Fellow.

Is an alumnus of INSEAD Business School - France, having attended the Advanced Management Programme in Fontainebleau.

### SAKTHA AMARATUNGA

Mr. Saktha Amaratunga is an Independent, Non-Executive Director of Hemas Holdings PLC, Chairman of Hemas Holdings PLC – Audit Committee and a Commissioner of PT Agro Indomas Indonesia, a subsidiary of the Carson Cumberbatch Group. He is also an Audit Committee member of MAS Holdings LTD.

Previously, Regional Audit Controller (Asia Pacific) for British American Tobacco, he has more than 20 years' experience with British American Tobacco, having performed senior finance roles for the Group in Sri Lanka and the United Kingdom, and also being the Finance Director of British American Tobacco Operations in the Czech Republic,

Sri Lanka, Switzerland, Japan and Malaysia (IT Shared Services Organization).

Has many years of experience in Strategy Development, Business Restructuring, Risk and Governance, International Finance and People Development. He is a Fellow Member of the Chartered Accountants of Sri Lanka, Associate Member of the Chartered Institute of Management Accountants, UK and also a Member of CPA Australia.

### SHARADA SELVANATHAN

Sharada Selvanathan has been on the Board of Carson Cumberbatch PLC [CCPLC] for over a year.

Sharada has spent over 10 years at CCPLC's oil palm arm, Goodhope Asia Holdings Ltd. (Goodhope). She now focuses on corporate strategy and human resources for the oil palm group. Sharada is a member of the Executive Committee of Goodhope and works closely with senior management in making key decisions.

Prior to Goodhope, Sharada worked at BNP Paribas in London, Hong Kong and Singapore.

Beyond Goodhope, Sharada is passionate about education, especially for children with learning challenges. She is currently a Trustee of two education-focused trusts, educational improvements through alternative learning methods, and the other that provides higher education opportunities for students from low income families.

Sharada holds a Master of Science in Economics from the University of Warwick, UK, and an MBA from IMD, Switzerland.

### M. M. MURUGAPPAN

– Appointed w.e.f 1/1/2021

M M Murugappan served as the Executive Chairman of the Corporate and Supervisory Board of the Murugappa Group India. He chairs the Boards

of Carborundum Universal (CUMI – a material science company) and Cholamandalam Mitsui Sumitomo General Insurance Company Ltd. of the Murugappa Group.

After a brief stint in the field of Environmental Engineering Design in the United States, Murugappan joined CUMI in the year 1979.

In January 2004, Murugappan took over as Chairman of CUMI, playing a pivotal role in transforming CUMI into an international company. He has broken new grounds in positioning CUMI as a technology and innovation-driven organization. His strategic approach towards business partnerships with global leaders has been one of the key factors contributing to CUMI's consistent growth, internationally.

Murugappan was appointed as the Non Executive Chairman of Cyient Ltd, Hyderabad in April 2021. He recently retired from the Board of Mahindra & Mahindra. He served on the Board of Governors of IIT Madras, for six years till November 2011 and has enabled many industry – academic partnerships. He now serves on the Board of the IIT Madras Research Park and is a mentor to many companies incubated there.

As Trustee of the Group's AMM Foundation, he is actively involved in the development of various citizenship initiatives, particularly in education, health care, performing arts and sports.

Murugappan holds a Bachelor's degree in Chemical Engineering from the AC College of Technology, University of Madras, India and a Master of Science Degree also in Chemical Engineering from the University of Michigan, Ann Arbor, Michigan, USA. He is a member of the American and Indian Institutes of Chemical Engineers and the Plastics & Rubber Institute. He was elected as a Fellow Member of the Indian Ceramic Society in 2006.

## YEW HUAT ONG

– Appointed w.e.f 1/1/2021

Mr. Yew Huat Ong is a Non- Executive Independent Director of United Overseas Bank Ltd, a listed Bank in Singapore. He chairs the Audit Committee and is a member of the Executive Committee and the Board Risk Committee.

He is also a Director of Singapore Power Ltd and the Singapore Mediation Centre.

Mr. Ong chaired United Overseas Bank Malaysia Bhd till 2018 and he was Chairman of the Tax Academy of Singapore.

During 2008- 2013, he served as a Director of the Accounting and Corporate Regulatory Authority (ACRA) of Singapore, a member of the Public Accountants Oversight Committee and chaired the Audit Committee of ACRA.

Mr. Ong is a Chartered Accountant and began his career with Ernst & Young's London office. He returned to Singapore in 1983 and he later led its transaction advisory and corporate recovery practice in the Far East area. From 2005 to 2012, he served as the Managing Partner and later Executive Chairman of Ernst & Young, Singapore, and as Chief Operations Officer of Ernst & Young Asia Pacific.

A known supporter of the Arts, Mr. Ong was the Chairman of the National Heritage Board and Singapore Tyler Print Institute (STPI). He was awarded the Public Service Star in 2017 for his contributions to the Arts in Singapore.

Mr. Ong holds a Bachelor of Accounting (Honours) degree from the University of Kent at Canterbury. He is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Singapore.

## VIJAYA MALALASEKERA

– Resigned w.e.f 31/12/2020

Vijaya Malalasekera served as Director-Corporate and Legal Affairs at Ceylon Tobacco Company PLC and as a Non -

Executive Director in the same company up to April 2012. He is currently the Chairman of Bogala Graphite Lanka PLC and a Director of Lanka Suwaseriya Foundation. He was a member of the University Grants Commission and Chairman of Sri Lanka Cricket from April 2001 to March 2002.

He holds a M.A. (CANTAB), Barrister - at-Law (Inner Temple) and is an Attorney-at-Law of the Supreme Court of Sri Lanka.

## FAIZ MOHIDEEN

– Resigned w.e.f 31/12/2020

Faiz Mohideen holds a B.Sc. Degree in Mathematics from the University of London and a M.Sc. Degree in Econometrics from the London School of Economics.

Former Deputy Secretary to the Treasury and Director General, External Resources Department, Ministry of Finance & Planning.

## KRISHNA SELVANATHAN

(Alternate Director to Mr. M. Selvanathan)

Krishna Selvanathan - Director, Carsons Management Services (Private) Limited, is the CEO of Guardian Fund Management Limited and serves as a Board Member of other investment sector companies within the Ceylon Guardian Group. He also serves as a Director of Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC. He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K.

## SUDARSHAN SELVANATHAN

(Alternate Director to Mr. D. C.R. Gunawardena)

Prior to joining Carson Cumberbatch PLC in 2019, he was a partner at JNE Partners LLP and a senior member of the investment team at MSD Capital. Prior to joining MSD in 2006, he served in various roles at Lone Star Funds and Lehman Brothers. He holds a BSc (Hons) Management Science from the University of Warwick, United Kingdom.

# Group Structure

## PLANTATIONS, OILS & FATS

- Goodhope Asia Holdings Ltd.  
• 2008\* • 53.33%
- Agro Asia Pacific Limited  
• 2010\* • 100%
- Premium Nutrients Private Limited  
• 2011\* • 100%
- Shalimar Developments Sdn. Bhd.  
• 1980\* • 100%
- Premium Oils & Fats Sdn. Bhd.  
• 2011\* • 100%
- Premium Vegetable Oils Sdn. Bhd.  
• 1978\* • 80%
- Shalimar (Malay) PLC  
• 1909\* • 99.25%
- Selinsing PLC  
• 1907\* • 95.68%
- Indo-Malay PLC  
• 1906\* • 87.14%
- Good Hope PLC  
• 1910\* • 90.91%
- Agro Harapan Lestari  
(Private) Limited  
• 2008\* • 100%
- AHL Business Solutions  
(Private) Limited  
• 2010\* • 100%
- Goodhope Investments  
(Private) Limited  
• 2012\* • 100%
- PT Agro Indomas  
• 1987\* • 94.30%
- PT Agro Bukit  
• 2004\* • 95%
- PT Agro Asia Pacific  
• 2008\* • 100%
- PT Karya Makmur Sejahtera  
• 2003\* • 95%
- PT Agro Harapan Lestari  
• 2007\* • 100%
- PT Rim Capital  
• 2006\* • 95%
- PT Agrajaya Baktitama  
• 1994\* • 95%
- PT Nabire Baru  
• 2008\* • 95%
- PT Agro Wana Lestari  
• 2006\* • 95%
- PT Batu Mas Sejahtera  
• 2006\* • 95%
- PT Sawit Makmur Sejahtera  
• 2008\* • 95%
- PT Sumber Hasil Prima  
• 2006\* • 95%
- PT Sinar Sawit Andalan  
• 2008\* • 95%
- PT Sariwana Adi Perkasa  
• 2008\* • 95%
- PT Agro Bina Lestari  
• 2006\* • 95%
- PT Agro Surya Mandiri  
• 2006\* • 95%
- Arani Agro Oil Industries  
Private Limited  
• 1986\* • 100%

## BEVERAGE

- Ceylon Beverage Holdings PLC  
• 1910\* • 75.37%
- Lion Brewery (Ceylon) PLC  
• 1996\* • 59.13%
- Pubs 'N Places (Private) Limited  
• 2007\* • 100%
- Retail Spaces (Private) Limited  
• 2012\* • 100%
- Luxury Brands (Private) Limited  
• 2012\* • 100%
- Pearl Springs (Private) Limited  
• 2014\* • 100%
- Millers Brewery Limited  
• 2010\* • 100%

## PORTFOLIO & ASSET MANAGEMENT

- Ceylon Guardian Investment Trust PLC
  - 1951\* • 67.15%
- Ceylon Investment PLC
  - 1919\* • 65.94%
- Guardian Capital Partners PLC
  - 1920\* • 86.22%
- Rubber Investment Trust Limited
  - 1906\* • 100%
- Guardian Fund Management Limited
  - 2000\* • 100%
- Guardian Acuity Asset Management Limited+
  - 2011\* • 50%
- Guardian Fund Management LLC
  - 2019\* • 100%
- Guardian Value Fund LLC
  - 2019\* • 100%
- Leechman & Company (Private) Limited
  - 1953\* • 100%

## LEISURE

- Pegasus Hotels of Ceylon PLC
  - 1966\* • 89.98%
- Equity Hotels Limited
  - 1970\* • 100%
- Carsons Airline Services (Private) Limited
  - 1993\* • 100%

## REAL ESTATE

- Equity One Limited
  - 1981\* • 98.96%
- Equity Two PLC
  - 1990\* • 88.81%
- Equity Three (Private) Limited
  - 1990\* • 100%

## MANAGEMENT SERVICES

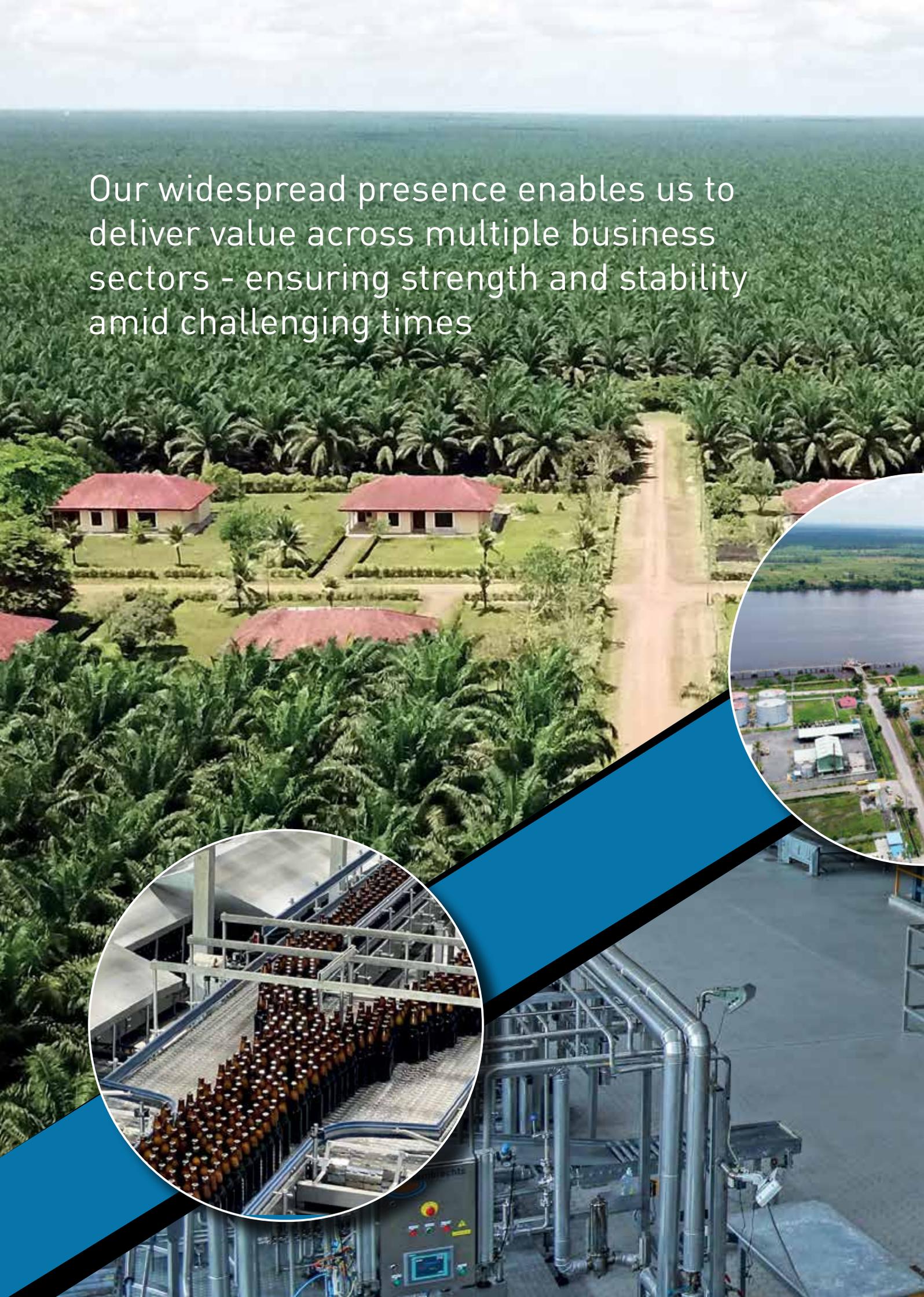
- Carsons Management Services (Private) Limited
  - 1993\* • 100%

% refer to group interest  
 + refer to Joint Venture Company  
 \* refer to year of incorporation

### Country of Incorporation/Operation

- Sri Lanka
- Indonesia
- Malaysia
- Singapore
- India
- Mauritius

Our widespread presence enables us to deliver value across multiple business sectors - ensuring strength and stability amid challenging times





**LION**  
LAGER



# Management Discussion & Analysis

## – Sector Reviews



### BEVERAGE

The export business, with a footprint in over 25 countries, successfully expanded its volumes and revenues by 15% and 23% respectively

#### BUSINESS CONTEXT

With the onset of the first wave of the COVID-19 pandemic, our nation experienced a period of curfew during the first 45 days of the financial year 2020/21. In addition, regional lockdowns were imposed once more during the third quarter. Accordingly, the sector experienced sporadic closures in both off-premise and on-premise outlets, including hotels and restaurants, which impacted the local sales volumes and consequently impacted the revenue performance and profitability of the Beverage segment of the Group. However, in the final quarter, the sector observed marginal progress in terms of revenue and profit against a backdrop of relaxed travel restrictions within the country. Furthermore, the downturn in tourism had a considerable impact on the top-line performance of the Beverage sector throughout the year.

Notwithstanding the challenges in the business environment, the Beverage sector remained focused on sustaining its core services while navigating logistical challenges. In addition to maintaining the core activities, areas such as cost efficiency, supply chain efficiency and route-to-market were given increased prominence during the year.

#### KEY HIGHLIGHTS

Despite the COVID-related restrictions and uncertainties associated with the period under review, the sector's export segment concluded a successful year. The export business, with a footprint in over 25 countries, successfully expanded its volumes and revenues by 15% and 23% respectively, in comparison to the financial year 2019/20.

During the year under review, the 'Lion' brand was recognised by Brand Finance and LMD, as the 8th most valuable beverage brand in Sri Lanka, improving by one position from the previous year's rankings.

#### FINANCIAL PERFORMANCE

On a revenue of Rs. 51.2 Bn, the sector achieved a profit after tax of Rs. 2.4 Bn. The total segmental assets as at 31st March 2021, stood at Rs. 36.4 Bn.

Given the depressed economic conditions, the sector had to account for an impairment charge of Rs. 449.1 Mn for the year with respect to the brands acquired from Millers Brewery.

#### FUTURE OUTLOOK

The coming financial year will likely pose challenges for the private sector and for the country, further exacerbated by factors including the impact of prevailing currency volatility and import restrictions. In addition, the extent of tourism activity and the consumer purchasing patterns driven by the pandemic will largely determine the performance of the sector in the domestic context. Nonetheless, the operations of the sector will continue in adherence to strict safety protocols in the upcoming financial year.

The sector retains its strong fundamentals – the iconic Lion and Carlsberg brands, a benchmark route-to-market system, world-class manufacturing technology, a triple A-rated balance sheet and a talented and competitive team, all of which continue to drive its success.



## OIL PALM PLANTATIONS

The sector increased its total internal Fresh Fruit Bunch (FFB) production by 6.5% YoY to reach 1.3 Mn MT, which was the highest crop achievement by the sector

### BUSINESS CONTEXT

The Oil Palm Plantations sector delivered a strong operational performance during the year while facing the uncertainties. The global Crude Palm Oil (CPO) prices demonstrated extreme volatility during the 18 months to March 2021. Spot monthly price of CPO in the Bursa Malaysia doubled during the 12-month period from May 2020 to March 2021, where the CPO price which was at MYR 2,074 per Metric Tonne (MT), increased to as much as MYR 4,042 per MT. High CPO prices were determined by several factors including weather-related supply constraints for the key substitute 'soya bean oil', improved demand from importing countries after the first wave of lockdowns, Indonesia's B30 biodiesel purchasing programme, La Niña weather impact to the Indonesian plantation operations in the areas of crop harvesting and transport and the recovery of crude petroleum oil prices from their slump.

During the financial year 2020/21, the sector increased its total internal Fresh Fruit Bunch (FFB) production by 6.5% YoY to reach 1.3 Mn MT, which was the highest crop achievement by the sector. The FFB yield achieved was 21 MT per

hectare, which was a 10-year high while the internal oil extraction commendably improved to 22.8%. Furthermore, the Oil Palm Plantations sector sold over 318,500 Metric Tonnes of CPO in line with the last year's sales volumes, despite a reduction in external crop purchases during the first half of the year.

Despite the global CPO price trend, the sector's average CPO price was impacted by committed forward sales contracts and the magnitude of CPO levy and export tax set by the Indonesian Government from December 2020 onwards. Nevertheless, the Oil Palm Plantations sector was able to improve its revenue from Roundtable on Sustainable Palm Oil (RSPO) certified premiums, which amounted to USD 2.85 Mn during the year. Meanwhile, the cost reduction initiatives of the sector continued during financial year 2020/21, where the sector was able to reduce its annual administration cost by 44.2% in USD terms in the last four years.

### KEY HIGHLIGHTS

During the year under review, with the commissioning of the last two mills in West Kalimantan, the sector completed all necessary mill investments at its

young mature plantations. With this, all plantation locations have CPO milling capacity, which will undoubtedly contribute towards an increase of CPO volumes in the future.

### FINANCIAL PERFORMANCE

On a revenue of Rs. 36.3 Bn, the sector achieved a profit after tax of Rs. 4 Bn. Net finance expenses decreased by 5% YoY to Rs. 4.8 Bn from Rs. 5 Bn and foreign exchange movements contributed to an exchange rate gain of Rs. 1.5 Bn. The total segmental assets as at 31st March 2021 stood at Rs. 109.8 Bn.

### FUTURE OUTLOOK

In the days ahead, the sector will continue to improve its CPO volumes from the developing plantations in West Kalimantan and Papua, increase external crop purchases and improve mill utilisation levels and internal cost efficiencies. Furthermore, continued emphasis will be placed on capturing improved RSPO premiums for certified CPO.

## Management Discussion & Analysis – Sector Reviews



### OILS AND FATS

Premium Fats Sdn Bhd, sector's associate company continued to consolidate its production plans and progressed to improve its client base, together with its joint venture partner J-Oil Mills Inc of Japan

#### BUSINESS CONTEXT

In the Oils and Fats business, mirroring the CPO prices, the prices of palm kernel prices increased from a low peninsular Malaysia average price of MYR 1,231/MT in May 2020 to MYR 2,587/MT by March 2021. Growth in the sales volumes of the sector was restricted during the year, due to the impact to confectionery and bakery product sales from low discretionary income and restricted end-user access due to the lockdowns. Malaysian plants had to dispatch their products under the Movement Control Orders in Malaysia pursuant to the pandemic.

Furthermore, the industry was characterised by excess supply due to unutilised capacity at production plants, which subsequently led the Oils and Fats sector to witness increased competition and pressure on its product margins. During the concluded year, the sector's mid-stream production plant utilisation decreased to 73%, while the specialty fats sales volume declined by 10% YoY.

#### KEY HIGHLIGHTS

During the year under review, Premium Fats Sdn Bhd, sector's associate company continued to consolidate its production plans and progressed to improve its client base, together with its joint venture partner J-Oil Mills Inc of Japan.

In addition, the Oils and Fats sector restarted its Indian refining subsidiary, Arani Agro Oil, in order to cater to the Indian Vegetable Oil Market.

#### FINANCIAL PERFORMANCE

On a revenue of Rs. 25.3 Bn, the sector achieved a profit after tax of Rs. 121.9 Mn. The total segmental assets as at 31st March 2021 stood at Rs. 19.4 Bn. During the year under review, the sector was able to reduce its finance costs by 35% YoY from Rs. 654.9 Mn to Rs. 424 Mn due to repayment of loans as well as the declining LIBOR. The sector further factored in foreign exchange gains worth Rs. 374 Mn during the year.

#### FUTURE OUTLOOK

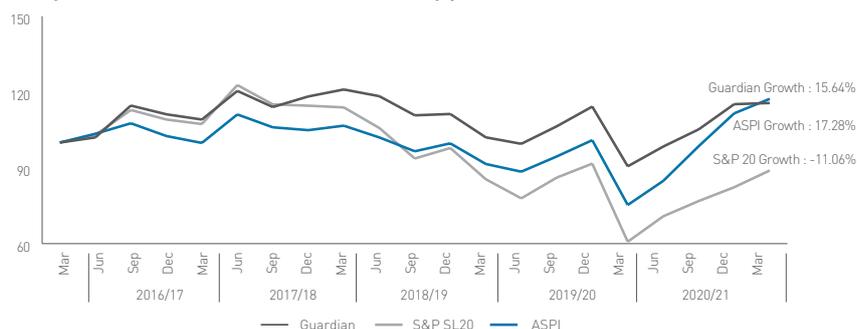
As for the forward plans, the Oils and Fats sector will focus on establishing direct sales contact points in key markets and ensure customer retention via technical support on product development and Research and Development. Moreover, further cost reduction opportunities will be explored through possible plant and production-related improvements.



## PORTFOLIO AND ASSET MANAGEMENT

The actively managed discretionary portfolio of the sector grew by 30.78% (dividend-adjusted performance)

### Five year track record - Guardian discretionary portfolio



## BUSINESS CONTEXT

The Portfolio and Asset Management sector achieved a commendable performance in a challenging year. Primarily shaken by the effects of COVID-19, the Sri Lankan economy contracted by 3.6% in 2020, facing major challenges in all key sectors, alongside a struggling tourism industry. This led to extraordinary monetary stimulus measures being implemented and an environment of declining interest rates within the country. Despite a brief closure at the start of the financial year, the Colombo Stock Exchange (CSE) experienced an extraordinary performance, with the All Share Price Index (ASPI) gaining by 55.77% and the S&P index rising by 46.35% during the year.

Accordingly, the sector was able to expand the value of its total dividend-adjusted portfolio from Rs. 13.7 Bn to Rs. 19.8 Bn, with a YoY increase of 44.89%. Similarly, the actively-managed discretionary portfolio expanded by 30.78% and was valued at Rs. 12.95 Bn. Nevertheless, the CSE witnessed continuous foreign outflows during the concluded year, especially in terms of the shares of the fundamentally strong listed companies.

## KEY HIGHLIGHTS

Over the past five-year period, the discretionary portfolio performance of the sector recorded an increase of 15.64%.

During the year, the sector decided to eliminate the need to have a dedicated fund for private equity business and hence entered

## GUARDIAN GROUP PORTFOLIO PERFORMANCE

Description	As at		Change %	As at 31-	Dividend-adjusted performance
	31/03/2021	31/03/2020		March-21 (Dividend-adjusted)	
Discretionary portfolio (Rs. '000) *	12,954,877	9,987,076	29.71%	13,061,564	30.78%
Total Portfolio (Rs. '000)*	19,694,391	13,665,962	44.11%	19,801,078	44.89%
ASPI (Points)	7,121	4,572	55.77%		55.77%
S&P 20 (Points)	2,850	1,947	46.35%		46.35%

\*After adding back the total cash outflow from the distribution of dividend by the Group which was Rs. 107.0 Mn during the period.

into a Share Sale and Purchase agreement for the sale of 21,692,800 ordinary shares (83.97% stake) of Guardian Capital Partners PLC held by Ceylon Guardian Investment Trust PLC. As a part of the preconditions of the agreement, Ceylon Guardian Investment Trust PLC acquired the private equity investments of Guardian Capital Partners for a consideration of Rs. 152 Mn based on the independent valuation issued by PwC and reviewed by KPMG. The transaction was not completed at the time of writing this review due to unexpected delays.

## FINANCIAL PERFORMANCE

On a revenue of Rs. 1.6 Bn, the sector achieved a profit after tax of Rs. 3.2 Bn. The total segmental assets as at 31st March 2021 stood at Rs. 19.6 Bn.

The revenue improvement of 127% YoY was achieved due to realised gains on disposal of stocks in the group portfolio. The above

positive profit performance was largely due to the upward movement in the equity market, leading to a gain of Rs. 1.87 Bn from fair value through profit or loss financial assets.

## FUTURE OUTLOOK

The upcoming performance of the Sri Lankan economy and the private sector will largely depend on the containment of the virus, the success of vaccination programmes and the possibility of any further lockdowns taking place. Furthermore, companies yet remain affected in diverse ways – some facing more turbulence than others, particularly against rapidly changing business dynamics brought on by the pandemic's disruptive nature. Against this backdrop, the sector will continue to follow its successful long-term investment philosophy of fundamental investing.

## Management Discussion & Analysis – Sector Reviews



### LEISURE

Effective cost planning, productivity improvement measures and resource optimisation initiatives were implemented within the hotels to curb the overheads and the direct costs

#### BUSINESS CONTEXT

The Leisure sector of the Group faced unprecedented challenges during financial year 2020/21 in the aftermath of the pandemic. The sector's operations faced a substantial interruption within the first nine months of the financial year 2020/21, consequent to border closures, strict domestic and international travel restrictions and the complete halt of tourism-related activities across the island. Furthermore, the local hotel industry faced the challenge of implementing numerous operational restrictions and regulatory guidelines in order to conduct its business activities, which substantially impacted the sector's top-line growth in the year under review. Accordingly, Pegasus Reef Hotel and Giritale Hotel achieved overall occupancies of 10% and 22% respectively for the concluded year. However, Average Room Rates observed a slight improvement, augmented by the domestic market due to the substantial reduction in foreign business during the concluded year.

Nevertheless, combined efforts of effective cost planning, productivity improvement measures and resource optimisation initiatives were implemented within the hotels to curb the overheads and the direct costs, thus enabling the Leisure sector to mitigate the unavoidable negative top-line impact to a great extent.

#### FINANCIAL PERFORMANCE

On a revenue of Rs. 197.9 Mn, the sector achieved a loss after tax of Rs. 180.1 Mn. The total segmental assets as at 31st March 2021 stood at Rs. 2.5 Bn.

#### FUTURE OUTLOOK

Subsequent to the reporting date, the progress achieved to date and the immediate prospects of the hotels face interruption once again with the commencement of the third wave of COVID-19 infections. Due to its relatively higher transmissible nature and a greater severity than that of prior waves, even amidst the rapid rollout of vaccines within the country, uncertainty continues to cloud the local

hospitality industry, further exacerbated by frequent announcements of mobility restrictions across the island.

Hence, against the backdrop of such challenging operational conditions and in consideration of the existing market requirements, 100 rooms of Pegasus Reef Hotel have been temporarily allocated to serve as an Intermediate Care Centre for the Asiri Group of Hospitals from 19th May 2021 onwards. However, with the gradual normalisation of ongoing conditions, Pegasus Reef expects to recommence its hotel operations soon.

The revenue opportunities for the sector have currently narrowed down to a more limited domestic market base. Hence, intensified industry competitiveness and the fixed cost of operations are likely to exert considerable challenges in the short to medium term. However, despite the challenges, the sector will continue to strive for safety and service excellence whilst closely monitoring changing customer demand patterns to offer continuous value.



## REAL ESTATE

The valuation of the sector's investment properties as at 31st March 2021 resulted in a fair value gain of Rs. 62.3 Mn

### BUSINESS CONTEXT

The absorption rates of Sri Lanka's overall office property market, including the premium segment were pressured by pandemic-driven implications during financial year 2020/21. The industry's competitiveness has been fast increasing with many recent additions to the commercial stock of Colombo. Furthermore, much of the anticipated commercial stock pipeline for the year 2020 was postponed to 2021 due to delayed project timelines consequent to lockdowns. Further, due to COVID-19, many tenant companies which faced severe cash flow pressure sought out options to downgrade space and annual rent cost.

Against the above backdrop, the average occupancy of the investment properties of the sector declined to 71% for the year, from the past year's 81%, which affected the top-line expansion for the financial year 2020/21. In addition, short term rent renegotiations and rent deferrals were offered by the sector as means of extending support to the tenants amidst business pressures associated with COVID-19.

### FINANCIAL PERFORMANCE

On a revenue of Rs. 255.5 Mn, the sector achieved a profit after tax of Rs. 369.5 Mn. The total segmental assets as at 31st March 2021 stood at Rs. 5.2 Bn.

The aforementioned reduction in occupancy together with the rent discounts resulted in a contracted top-line in the real estate sector during financial year 2020/21. The valuation of the sector's investment properties as at 31st March 2021 resulted in a fair value gain of Rs. 62.3 Mn, thereby augmenting the profit after tax for the year under review.

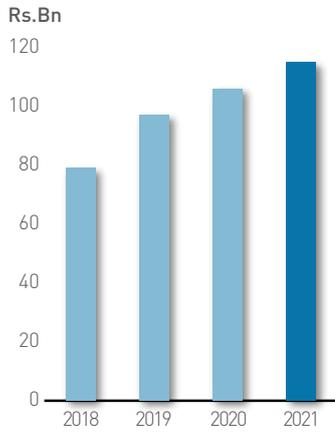
### FUTURE OUTLOOK

The commercial office marketplace in Sri Lanka faces pandemic-driven uncertainties over the medium to long term. Due to the cash constraints of businesses against this backdrop, affordable commercial spaces are receiving increased consideration over the premium segment. Nevertheless, the rates of Grade B office spaces could be challenged in the near term with the increased discounts currently

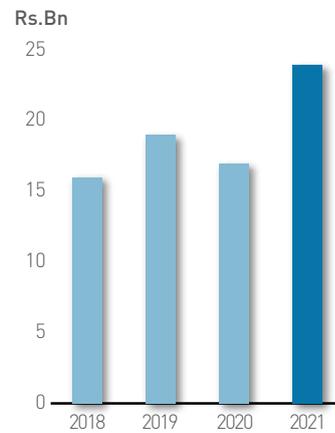
offered by the Grade A segment to the market. Moreover, industry competitiveness continues to increase, with a large commercial stock in store for the coming years including the International Financial Centre of the Port City. However, the sector aims to leverage on its offer of prime locations in Colombo and the personalised service in order to maximise the occupancy of its investment properties, with the gradual subsiding of the ongoing challenges arising from the pandemic.

## Management Discussion & Analysis – Graphical Financial Review

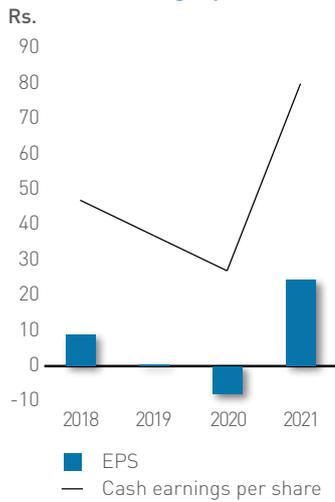
### Revenue



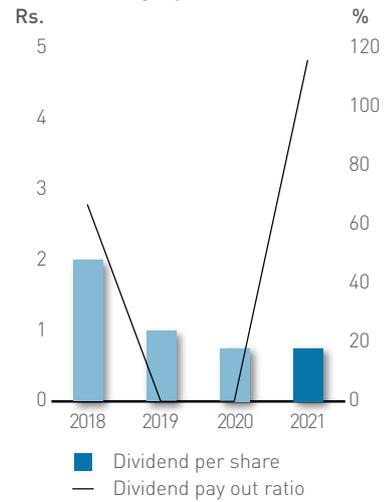
### EBITDA



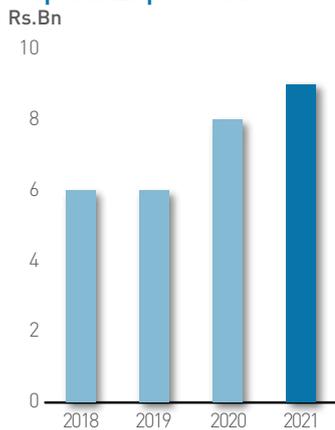
### Earnings per share vs Cash earnings per share



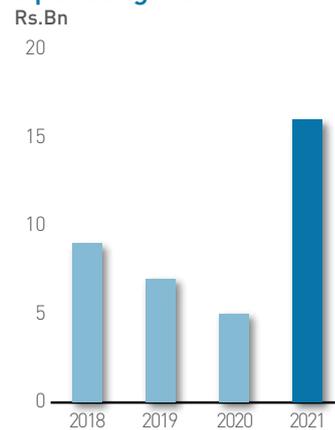
### Dividend per share vs Dividend pay out ratio



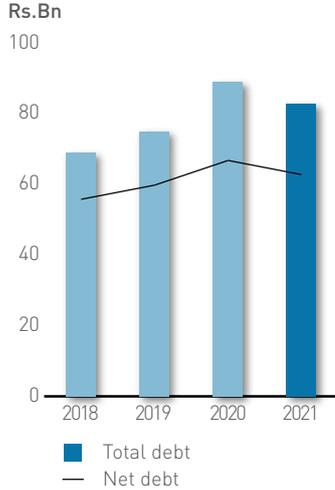
### Capital Expenditure



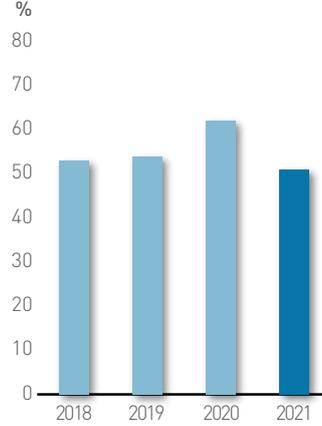
### Operating Cash Flow



### Total debt vs Net debt



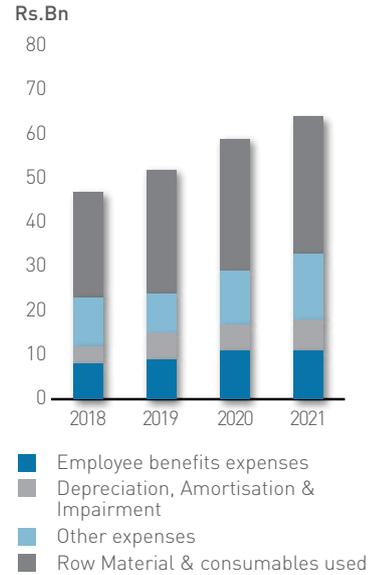
### Gearing ratio



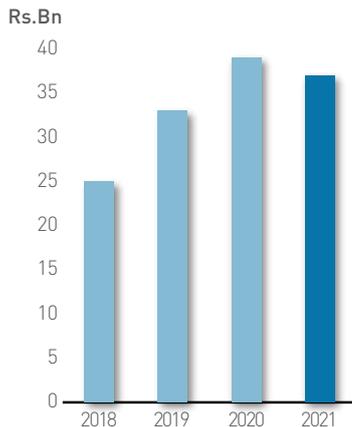
### Net profit distribution



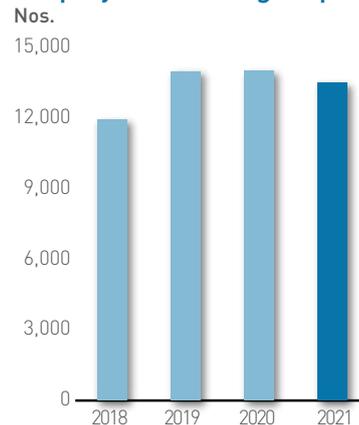
### Analysis of Group operating expenses



### Taxes paid to the Government of Sri Lanka



### Employees of the group



## Management Discussion & Analysis – Financial Review

### INTRODUCTION

The 2020/21 financial year was a challenging one in terms of business operations and expansions. The deadly COVID-19 pandemic triggered recurrent mobility restrictions and border closures across the world, which significantly interrupted both domestic and international operations of the Group. The tourism industry had to absorb an unexpected blow for the second consecutive year, causing enormous demand shocks to the Group's Leisure and Beverage segments. The local economy and the business community experienced unprecedented challenges and liquidity pressures in the face of the pandemic, which impacted the growth prospects of the Real Estate sector during the year. Notwithstanding heavy foreign outflows, the Colombo Stock Exchange concluded a successful year, favouring the performance of the Portfolio and Asset Management business of the Group. With respect to our operations overseas, the Oil Palm Plantations and Oils and Fats segments too encountered business volatility and uncertainties in the wake of the pandemic.

### REVENUE

Group revenue for FY2020/21 reached Rs. 114.8 Bn, improving by 8% from the previous year's Rs. 106 Bn. The Beverage segment was the highest contributor to Group revenue with a contribution of 45%, where the revenue from the segment increased by 4% YoY to reach Rs. 51.2 Bn from Rs. 49.2 Bn in FY2019/20. The revenue generation of the Beverage segment in the domestic context was significantly challenged due to sporadic and lengthy closures of both off-premise and on-premise outlets subsequent to movement restrictions of the pandemic, the standstill in tourism and hospitality industry and the subdued economic activity within the country, which collectively rendered a

The 2020/21 financial year was a challenging one in terms of business operations and expansions.

The deadly COVID-19 pandemic triggered recurrent mobility restrictions and border closures across the world, which significantly interrupted both domestic and international operations of the Group.

decline in local market sales volume for the year. However, the contribution by exports to the sector volume and top-line was commendable, both of which grew by 15% and 23% respectively. Accordingly, the sector's revenue growth was primarily driven by price revisions consequent to the excise duty increase which took place in December 2019.

The Oil Palm Plantations segment contributed 32% to the Group revenue amounting to USD 191.9 Mn, which translates to Rs. 36.3 Bn for the year. The increase of 10% over the corresponding year was mainly due to the exchange rate benefit on translation to reporting currency and the marginal improvement observed in sales volumes and average CPO sales price. Despite the pandemic-driven uncertainties, the upstream operations of the Plantations segment successfully increased its total Fresh Fruit Bunch (FFB) production during the year by 6.5% YoY to 1.3 Mn Metric Tonnes, reaching its highest ever crop achievement. Meanwhile, the global CPO prices witnessed extreme volatility during the 18-month period leading up to March 2021, where the average monthly CPO prices in Bursa Malaysia which was at MYR 2,074 in May 2020, almost doubled by reaching MYR 4,042 in March 2021. The high CPO prices were reflective of multiple factors including the weather-related supply constraints of soya bean oil, increased

demand from importing countries after first-wave lockdowns, Indonesia's B30 biodiesel purchasing programme, La Niña weather impact to Indonesian plantation operations and the recovery of crude oil prices from its slump.

However, during the 2020/21 financial year, the sector's average CPO selling prices were impacted by the forward sales contracts which were committed earlier as a risk mitigating strategy during the low CPO price regime. Further, the net revenues were impacted by the unexpected magnitude of the CPO levy and export tax set by the Indonesian Government from December 2020 onwards, in tandem with the increasing CPO price trend. Nevertheless, supported by the internal crop, the Oil Palm Plantations segment managed to sell over 318,500 Metric Tonnes of CPO for the year, thereby matching the previous year's volumes, in spite of a reduction in external purchases during the first half of the year. During the lapsed year, the FFB yield of the sector reached a 10-year high of 21.0 Metric Tonnes per Hectare while the internal oil extraction reached a high of 22.8%.

The Oils and Fats segment's revenue observed an increase of 14.8% YoY to reach Rs. 25.3 Bn (USD 134 Mn), with an overall contribution of 22% to Group revenue. Eliminating the effects

of currency translation impact, the USD revenue growth of the sector was recorded at 9% YoY. The revenue of the segment reflected the increased market price trend in the industry, following the increase in average palm kernel input prices in Malaysia by 110% during the period from May 2020 – March 2021 to reach MYR 2,587 per Metric Tonne, in tandem with the high CPO price trend. However, the mid-stream production plant utilisation decreased to reach 73% during the current year while downstream specialty fats sales volumes declined by 10%, as demand for confectionery and bakery products were adversely impacted by low discretionary income and curtailed end-user access to products due to lockdowns. Consequently, the industry was characterised by excess supply, which led to increased competition and pressure on product margins.

The Portfolio and Asset Management segment of the Group saw an increase of 127.2% YoY to reach a revenue of Rs. 1.6 Bn, achieved through the securing of increased opportunities to record realised gains from disposal of financial assets measured at fair value through profit or loss compared to the corresponding year. After a short-lived closure, the Colombo Stock Exchange continued to be operational during the year and displayed a strong rally, with the All-Share Price Index (ASPI) and the S&P SL20 index substantially gaining by 55.77% and 46.35% respectively. This resulted in the sector's actively managed discretionary portfolio recording a growth of 30.78% for the year after adjusting for the dividend payments to shareholders.

The Leisure sector was the worst affected by the challenges posed by the pandemic during the year, due to multiple closures of hotels and many other mobility-related and operational restrictions which were necessary as a national concern. Accordingly, the Leisure segment revenue decreased by 67% YoY to reach Rs. 197.9 Mn. However, flexible and exclusive promotional offers extended to the local segment benefitted the sector in mitigating the extent of revenue drop for the year. Moving on to Real Estate, operating in an evolving marketplace with the availability of competitive spaces and rates led to the segment recording a 5% YoY decline in its revenue, due to a reduction in its average annual occupancy from 81% in FY2019/20 to 71% in FY2020/21.

Revenue - Rs. 000	FY2020/21	% Contribution	FY2019/20	% Contribution	% Change
Investment Holdings and Management Services	70,609	0.06%	22,388	0.02%	215.4%
Portfolio and Asset Management	1,594,228	1.39%	701,539	0.66%	127.2%
Oil Palm Plantations	36,273,747	31.59%	33,093,461	31.25%	9.6%
Oils and Fats	25,271,747	22.01%	22,016,677	20.79%	14.8%
Beverage	51,172,154	44.56%	49,215,362	46.47%	4.0%
Real Estate	255,483	0.22%	268,209	0.25%	[4.7%]
Leisure	197,879	0.17%	596,879	0.56%	[66.8%]
<b>Group</b>	<b>114,835,847</b>	<b>100.00%</b>	<b>105,914,515</b>	<b>100.00%</b>	<b>8.4%</b>

## OPERATING PROFIT

Despite pandemic-induced restrictions on the top-line growth of a majority of the Group's business segments, the relatively low YoY increase in direct operating expenses in comparison to the revenue increase and increase in net gain from disposal of equity and debt securities of the Portfolio and Asset Management segment resulted in the Group recording an increase of Rs. 5.2 Bn in gross profit for the year, to reach Rs. 30.8 Bn. However, the Group

operating profit before net finance cost witnessed an increase of a much larger magnitude of Rs.14.3 Bn or 231% YoY, to reach Rs. 20.5 Bn in FY2020/21 from the Rs. 6.2 Bn reported in FY2019/20.

The increase in operating profits was predominantly achieved by several significant non-cash items pertaining to fair value movements and currency movements during the year. Accordingly, the foreign currency translation gains

recorded by the Group amounted to Rs. 1.86 Bn, compared to losses of Rs. 1.9 Bn in FY2019/20. Further, the upward fair value adjustments pertaining to fair value through profit or loss of financial assets amounted to Rs. 1.9 Bn, compared with fair value losses of Rs. 1.8 Bn in FY2019/20, while the fair value gains from biological assets also increased by Rs. 372.7 Mn YoY.

## Management Discussion & Analysis – Financial Review

Operating Profit / (Loss) before net finance cost - Rs. 000	FY2020/21	% Contribution	FY2019/20	% Contribution	% Change
Investment Holdings and Management Services	(47,895)	(0.23%)	(54,681)	(0.88%)	12.4%
Portfolio and Asset Management	3,266,614	15.96%	(1,334,424)	(21.59%)	344.8%
Oil Palm Plantations	11,366,176	55.54%	1,212,240	19.61%	837.6%
Oils and Fats	934,499	4.57%	962,561	15.57%	(2.9%)
Beverage	4,916,663	24.03%	5,251,554	84.97%	(6.4%)
Real Estate	234,757	1.15%	194,315	3.14%	20.8%
Leisure	(206,112)	(1.01%)	(51,010)	(0.83%)	(304.1%)
<b>Group</b>	<b>20,464,702</b>	<b>100.00%</b>	<b>6,180,555</b>	<b>100.00%</b>	<b>231.1%</b>

For the year under review, the highest contribution to the operating profit of the Group was from the Oil Palm Plantations segment, with an overall contribution of 56%. In addition to the revenue increase and cost reductions observed in terms of direct costs and other operating expenses associated with the Oil Palm Plantations sector, gains from foreign currency and fair value movements of biological assets amounting to Rs. 1.5 Bn and Rs. 531.4 Mn respectively, augmented the sector's operating profit growth during the year. The abovementioned Rs. 1.5 Bn currency gains were in fact unrealised gains arising from the translation of foreign currency denominated long-term borrowings consequent to the appreciation of the Indonesian Rupiah (IDR) against the US Dollar during FY2020/21. The closing exchange rate of IDR against USD as at 31st March 2021, was IDR 14,572, which was a significant appreciation of 11% relative to the prior year's closing rate of IDR 16,367.

At Rs. 4.9 Bn, the Beverage segment contributed 24% to the Group operating profit in the year under review, though reduced from the previous year's Rs. 5.3 Bn mainly due to pandemic related demand dynamics and retail outlet closures in the domestic market. In addition, the sector's operating profit was affected by impairment provisions of Rs. 449.1 Mn and Rs. 160.2 Mn respectively on its acquired Millers Brewery brands and property, plant

and equipment. Apart from the impact from the aforementioned impairment charges totalling Rs. 609.3 Mn, the sector's operating profits were further weighed down due to the absence of fair value gains from its investment properties, as opposed to the Rs. 155.6 Mn gain recorded in FY2019/20.

With a contribution of 16%, the operating profit of Portfolio and Asset Management segment stood at Rs. 3.3 Bn, considerably improving from the comparable year's operating loss of Rs. 1.3 Bn. The operating profit was greatly supported by the gain of Rs. 1.87 Bn from fair value through profit or loss of financial assets consequent to the upward movement in equity market during the year, compared to the depressed market prices witnessed at the closure of the corresponding financial year due to pandemic-related future uncertainties.

The Oils and Fats segment recorded an operating profit of Rs. 934.5 Mn, relative to Rs. 962.6 Mn in FY2019/20, which is a marginal decrease. The operating profitability of the sector during the year was impacted from pressured margins due to the extreme competitiveness in the industry following the outbreak of the pandemic.

The Group's Real Estate segment contributed Rs. 234.8 Mn to the overall Group operating profit. Despite reduction in its revenue, the sector's

operational profit improved by 21% relative to the corresponding year, mainly due to the factoring of fair valuation gain on investment properties of Rs. 62.3 Mn, as opposed to Rs. 9 Mn in FY2019/20.

Meanwhile, the Leisure segment recorded an operating loss of Rs. 206.1 Mn for the year in comparison to previous year's operating loss of Rs. 51 Mn. The current year's operating loss is predominantly a result of the contracted top-line following the depressed industry situation discussed in this report.

In addition to the above reasons, the Group operating profit was supported by the decrease in overhead expenditure, following cost control initiatives and efficiency measures implemented across most of the sectors at the onset of the pandemic. Accordingly, the total administrative expenses recorded a decrease of 6% over the previous year to be at Rs. 8.7 Bn from Rs. 9.2 Bn. The other operating expenses of the Group denoted a decline of 36% YoY to reach Rs. 580 Mn from Rs. 908.2 Mn in FY2019/20 as the corresponding year carried expenses relating to de-recognition of goodwill and customer relationship and fair value losses on derivative financial instruments totalling Rs. 341.6 Mn. However, the total distribution expenses of the Group saw a marginal increase to be at Rs. 6.6 Bn.

## NET DEBT AND NET FINANCE EXPENSES

During the year under review, the Group was able to considerably reduce the combined rupee denominated net debt of its Sri Lankan business segments, namely Beverage, Leisure, Real Estate and Portfolio and Asset Management. Accordingly, the local businesses managed to reach a net cash position of Rs. 5.3 Bn in contrast to a combined net debt of Rs. 763.4 Mn in the previous year, which is noteworthy amidst the formidable challenges faced by the respective businesses. The total borrowings of the overseas operations of Oil Palm Plantations and Oils and Fats too decreased by 2% YoY in terms of the functional currency to reach USD 359 Mn from USD 365 Mn. However, the aggregate net borrowings from foreign operations marginally increased by 3% YoY in reporting currency, (LKR) terms, to reach Rs. 66.3 Bn. Accordingly, as at 31st March 2021, the Group's total net debt stood at Rs. 62.8 Bn, a decrease of 6% over the previous year while the consolidated net finance expenses for the year declined by 8% over FY2019/20, to reach Rs. 6.1 Bn.

The local businesses managed to reach a net cash position of Rs. 5.3 Bn in contrast to a combined net debt of Rs. 763.4 Mn in the previous year, which is noteworthy amidst the formidable challenges faced by the respective businesses. The total borrowings of the overseas operations of Oil Palm Plantations and Oils and Fats too decreased by 2% YoY in terms of the functional currency.

The net debt of the Oil Palm Plantations in rupee terms, reflected an increase of 3%, to reach Rs. 56.2 Bn from Rs. 54.4 Bn as at 31st March 2020. Furthermore, the Oil Palm Plantations segment accounted for Rs. 4.8 Bn of the Group's net finance expense, with the segment's long-term funding obtained targeting the next five to six year period.

Moving on, at Rs. 10.1 Bn, the Oils and Fats segment's net debt position in rupee terms reflected an increase of 4%. However, the reported net finance expenses significantly decreased by 35% YoY to Rs. 424 Mn, due to the repayment of its borrowings and the decreased LIBOR in the market.

In the meantime, the Beverage segment's net debt position saw a turnaround, reaching a net cash position of Rs. 2 Bn from a net debt of Rs. 2.8 Bn in the corresponding year, as a result of the gradual repayments of its existing loans. Accordingly, net finance expenses dropped by 17% YoY to Rs. 632.2 Mn due to reduction net debt and interest rates during the period.

Primarily due to the reasons listed above, the Group's net interest cover ratio for the year based on the reported operating profit, was seen improving to 3.3 times this year, from 0.9 times in the preceding financial year.

Net debt/(cash) - Rs. 000	FY2020/21	% Contribution	FY2019/20	% Contribution	% Change in Net debt
Investment Holdings and Management Services	1,802,162	2.87%	1,937,212	2.90%	(7.0%)
Portfolio and Asset Management	(3,061,572)	(4.88%)	(1,724,608)	(2.58%)	(77.5%)
Oil Palm Plantations	56,219,581	89.59%	54,444,070	81.41%	3.3%
Oils and Fats	10,080,715	16.06%	9,729,770	14.55%	3.6%
Beverage	(2,017,675)	(3.22%)	2,792,915	4.18%	(172.2%)
Real Estate	(388,730)	(0.62%)	(318,687)	(0.48%)	(22.0%)
Leisure	118,611	0.19%	13,816	0.02%	758.5%
Group	62,753,092	100.00%	66,874,488	100.00%	(6.2%)

## Management Discussion & Analysis – Financial Review

### NET PROFIT

For the FY2020/21, Carson Cumberbatch PLC at a Group level recorded a profit of Rs. 9.8 Bn from continuing operations as opposed to a loss of Rs. 2.7 Bn reported during FY2019/20. In addition to the aforementioned top-line growth, fair value adjustments, foreign exchange gains and cost efficiencies, the above profit is also augmented by Rs. 531 Mn reduction in the Group's net finance expenses as highlighted earlier. Accordingly, a comparison between the reported net profit and the core business profit of the Group is given below.

For the FY2020/21, Carson Cumberbatch PLC at a Group level recorded a profit of Rs. 9.8 Bn from continuing operations as opposed to a loss of Rs. 2.7 Bn reported during FY2019/20. In addition to the top-line growth, fair value adjustments, foreign exchange gains and cost efficiencies, the profit is also augmented by Rs. 531 Mn reduction in the Group's net finance expenses.

Adjusted core profit of the Group (Rs. '000)	FY2020/21	FY2019/20
Profit/(loss) for the year from continuing operations	9,805,232	(2,652,703)
<b>Adjustments to arrive at the core profit</b>		
Impairment of business assets	609,342	740,315
Foreign exchange (gains)/losses	(1,855,241)	1,896,358
Change in fair value of investment properties	(61,318)	(151,434)
Change in fair value of biological assets	(531,357)	(158,646)
<b>Adjusted core profit before FVTPL fair value adjustments</b>	<b>7,966,658</b>	<b>(326,110)</b>
Change in fair value of fair value through profit or loss financial assets	(1,884,201)	1,801,427
<b>Adjusted core profit</b>	<b>6,082,457</b>	<b>1,475,317</b>

After accounting for a net loss of Rs. 94.6 Mn from discontinued operations, related to the Group's subsidiary companies, Arani Agro Oil Industries (Pvt) Ltd, Guardian Capital Partners PLC and The Sri Lanka Fund, the Group recorded a profit for the year of Rs. 9.7 Bn versus a loss after tax of Rs. 2.5 Bn in the corresponding period.

### CAPITAL EXPENDITURE

Over the past five-year period, the Group has invested a total of Rs. 34.2 Bn on capital expenditure in terms of property, plant and equipment, biological assets and intangible assets, approximating to 85% of the consolidated net operating cash flow of the Group for the same period. For the 2020/21 financial year, the Group incurred capital expenditure of Rs. 7.5 Bn, which amounts to 46% of the net operational cash flows of the year. The Group's total asset base increased by 14% YoY to stand at Rs. 197 Bn for the year.

During the 2020/21 financial year, the Oil Palm Plantations sector completed all its mill investments at the young mature plantations. With the commissioning of the last 2 mills in West Kalimantan, all plantation locations possess CPO milling capacity, which will lead to continued increase in CPO volumes, thereby improving future profitability. During the year, Lion Brewery migrated to SAP S/4HANA IT system with the aim of speedily moving into a data-driven organisation, developing a scalable infrastructure

on the Cloud and improving business agility and efficiency in the processes.

Capital commitments of business sectors over the past years are expected to improve future revenue growth, deliver efficiencies and eventually reduce the cost of operations of the Group. Accordingly, medium to long-term cash generation potential of the Group is expected to strengthen with the capacity to generate greater shareholder value going forward.

Cash Utilisation (Rs. Mn)	FY2020/21	FY2019/20	FY2018/19	FY2017/18	FY2016/17	Total
<b>Cash Inflows</b>						
Net Operating Cash flows	16,106	5,316	7,335	9,160	2,141	40,058
Cash Inflows from Investing Activities	682	451	1,205	592	19,842	22,772
Cash Inflows from Financing Activities	2,537	50,050	4,076	7,914	1,518	66,095
Total Inflows	19,325	55,817	12,616	17,666	23,501	128,925
<b>Cash Outflows</b>						
<b>Investing Activities</b>						
Purchase and construction of Property, Plant and Equipment, biological assets, intangible assets/prepaid lease payments	(7,472)	(7,183)	(5,975)	(5,808)	(7,756)	(34,194)
Other Investing Activities	(41)	(1,227)	(353)	(1,384)	(537)	(3,542)
Total Outflows from Investing Activities	(7,513)	(8,410)	(6,328)	(7,192)	(8,293)	(37,736)
<b>Financing Activities</b>						
Repayment of borrowings, finance lease creditors and net decrease in non-controlling interest	(4,322)	(49,222)	(8,790)	(2,629)	(11,812)	(76,775)
Dividends paid (including preference dividends)	(549)	(453)	(453)	(731)	(606)	(2,792)
Total Outflows from Financing Activities	(4,871)	(49,675)	(9,243)	(3,360)	(12,418)	(79,567)
Movement in cash and cash equivalents	6,941	(2,268)	(2,955)	7,114	2,790	11,622
Opening cash and cash equivalents	(5,921)	(3,653)	(698)	(7,812)	(10,602)	(10,602)
Closing cash and cash equivalents	1,020	(5,921)	(3,653)	(698)	(7,812)	1,020

Carsons Management Services (Private) Limited  
19 July 2021

# Sustainability Report

## ENVIRONMENT SUSTAINABILITY

### HEALTH & SAFETY

#### Plantation Sector

##### The Health, Safety and Well-being of the Workforce

We follow well-established health and safety policies and procedures that align with industry, national and international standards at all our plantations. The sector continues to strengthen its compliance and risk management systems to prevent, address and remedy human rights impacts as outlined in the UN Guiding Principles (UNGPs).

##### COVID-19 Prevention

In order to ensure the protection of the workforce in our plantations during the COVID-19 pandemic, we have implemented preventative measures across all management units. A range of procedures are in place to ensure the prevention, early detection and control of COVID-19 thereby protecting our employees and enabling safe, continuous operations at our plantations. Amid the COVID-19 pandemic, we continue to promote the wearing of masks, physical distancing and good hygiene practices as measures to prevent spread of the disease in line with our COVID-19 health protocol.

##### Access to Medical Services

The polyclinics at our plantation locations are equipped to deal with the treatment of injuries, illnesses and medical emergencies, while providing employees with services such as medical tests, immunisation and family planning.



##### Fire Prevention and Control

Every dry season, our plantations and their surrounding areas face the possible outbreak of fires. Our companies in Indonesia continue to step up capacity to mitigate such threats, and respond to land fires in and around concessions.

#### Beverage Sector

##### COVID-19 Prevention

In the wake of the pandemic, a considerable amount of time and effort was placed into educating our staff, service providers, agent staff and retail business partners in terms of preventative action and best practices, through e-flyers, signage, info-packs, webinars and on-the-ground training. Stringent protocols validated through a Red Cross Audit have been operational at the production facility to ensure that responsible work practices were implemented by staff as well as service providers, in a bid towards supporting the national drive to curtail the spread of COVID-19.

##### Health & Safety

Against this turbulent backdrop, our Occupational Health and Safety Management System successfully migrated from OHSAS 18001:2007 to ISO 45001:2018, while our ISO 22000:2005 Food Safety Management System migrated to the 2018 standard. Our Environment Management System remains certified for ISO 14001:2015.

#### Leisure Sector

##### COVID-19 Prevention

Due to operations with significant external party involvement, the management of this sector continuously ensured that every employee at both our hotel properties were kept informed and well-apprised on the health and safety aspects related to COVID-19 prevention. The management introduced new Standard Operating Procedures (SOPs) to the hotels'

operations during the pandemic, while regularly organising refresher sessions to provide continuous updates to the staff pertaining to these guidelines. In addition, various notices and placards were placed around the properties as a constant reminder towards vigilance in preventing the spread of COVID-19.

##### Health & Safety

The management places strategic importance on the safety and health of both internal and external parties involved in our businesses. As such, at Pegasus Reef Hotel; the ISO 22000:2005 Food Safety Management certification was upgraded from 2005 to the 2018 version, while the Hazard Analysis and Critical Control Point (HACCP) certification and Good Manufacturing Practice certifications were complied with and were in effect during the year under review. In addition, Pegasus Reef Hotel was successful in obtaining the Safe & Secure Tourism certificate of compliance issued by the Sri Lanka Tourism Development Authority during the financial year.

## NATURAL RESOURCE CONSERVATION

#### Plantation Sector

As a member of the Roundtable on Sustainable Palm Oil (RSPO), Goodhope adopts international standards incorporating the principles of No Deforestation, No Peatland Development, and No Exploitation (NDPE).

In the face of the new challenges brought about by COVID-19 during the year, the sector adapted its operations to ensure that the impacts of the pandemic do not impede efforts to uphold standards in sustainability.

The sector's sustainability efforts have been recognised internationally in the SPOTT (Sustainability Policy Transparency Toolkit) assessment carried out by the Zoological Society of London. For the year 2020, the sector

achieved the ranking of No. 17 out of 100 palm oil companies. Through our sustainability initiatives we aim to make

ever-increasing positive contributions towards the United Nations Sustainable Development Goals (UN SDGs).

Activity	Expenditure (USD)
1 Environmental Monitoring	189,006
2 Personal Protective Equipment and Safety Campaign	91,977
3 Environmental Health and Safety Permit and License	29,909
4 Certification (RSPO, ISPO, ISO, PROPER, PUP, HAS)	151,790
5 Conservation Management and Landscape Programs	132,010
6 Fire Prevention and Control	18,382
7 Education	710,680
8 Community Investment	297,221
9 Traceability	69,033
10 Travel Expenses and Administrative Overheads	22,698
Total	1,712,706

### Conservation and Sustainable Land Use

Goodhope engages with experts and local communities to identify and safeguard conservation of dedicated areas while recognising the rights of local communities.



Through High Conservation Value (HCV) and High Carbon Stock Approach (HCSA) assessments, we have identified more than 20,000 Ha of dedicated conservation areas. These areas have been identified with the involvement of local communities and are excluded from our oil palm plantation development plans. We engage with relevant stakeholders and experts to determine the most practical, economical and sustainable approaches to maintain and enhance conservation areas and the values they contain.

The Group is committed to implement best agronomic practices and progressively moderate the environmental impact of its operations. Evaluation of routine

environmental monitoring data guide the development of management plans for the sustainable use of natural resources and reduced impacts on the environment.

In the 2020/21 financial year, a total of USD 321,016 was spent on environmental monitoring, conservation management and landscape programs.

### Landscape-level Conservation and Land-use Planning

Goodhope works with the IDH Sustainable Trade Initiative under the Production Protection Inclusion (PPI) approach with the aim to mitigate deforestation, while improving smallholder and community livelihoods and promoting economic security for businesses. In this project partnership we support landscape-level conservation and land-use planning and seek to implement programs that support conservation efforts.

### Beverage Sector

#### Energy Conservation

As part of its five-year improvement plan, Lion has made significant strides in improving its sustainability agenda over the past few years. Some of the success stories in our journey include the reduction of electricity consumption by 22%, the reduction of

furnace fuel consumption by 27% and the reduction of water consumption by 38% per unit of product. The year 2020/21 however, saw the company take the brunt of COVID-19, facing almost 5 months of being drastically affected through lockdowns, area isolations and restrictions in movements, which in turn affected planned volume delivery and efficiency to a certain extent. Even in this context, we were able to achieve YOY improvements in our electricity index, which showed a 5% reduction, and furthermore achieve a 7% reduction in our overall water consumption.

With fermentation naturally generating Carbon Dioxide, we were able to improve our collection, while also reducing in-house consumption through process improvements. These improvements enhanced saleable CO<sub>2</sub>, which enabled us to supply the local CO<sub>2</sub> market with 1,775,820 Kg CO<sub>2</sub>, as opposed to the same quantity being fulfilled through the burning of fossil fuel and or imports.

### Leisure Sector

#### Beach Cleaning

As a part of their annual CSR initiatives, the leisure sector engaged in cleaning the public beach area adjacent to the Pegasus Reef Hotel property every quarter through staff participation across all departments on a rotational basis.



This was carried out in addition to the bi-weekly cleaning process performed by the maintenance staff of the hotel. All garbage that is washed ashore is collected by the hotel staff and dispatched for recycling purposes.

## Sustainability Report

### RESPONSIBLE SOURCING AND SUPPLY CHAIN MANAGEMENT

#### Plantation Sector

Goodhope has been progressively addressing the challenges of eliminating deforestation and exploitation from its supply bases. We continue to work towards ensuring that all purchases are from legal and responsible sources and all third parties with whom we work adhere to the principles of No Deforestation, No Peatland Development and No Exploitation (NDPE). Progress is now being made to mobilise action towards supplier compliance for both our upstream and downstream operations.

Priorities for our upstream operations are:

1. To know the origin of FFB coming to our palm oil mills.
2. To promote sustainable production among suppliers.

In order to demonstrate full traceability down to the source of FFB, Goodhope has made an admirable start by engaging with direct suppliers and independent smallholders and mapping the oil palm production areas. A total of 1,279 independent smallholders have been surveyed (4,331 Ha mapped) through engagement processes prior to the restrictions brought about by the COVID-19 pandemic.

Amid the ongoing COVID-19 pandemic, stakeholder engagement activities and other community-related relations have been limited. Nonetheless, our Traceability team has been able to resume socialisation activities with independent smallholders and direct suppliers.

Our downstream refining and processing facility sources palm kernel and refined palm oil to produce a wide range of refined and fractionated oils and fats. As a part of responsible sourcing commitments, we continue to work on the following risk management priorities:

1. To collect relevant information on existing and prospective suppliers.
2. To monitor and update the list of third-party suppliers.
3. To identify high-risk suppliers associated with deforestation or exploitation.
4. To address issues of supplier non-compliance and monitor time bound action plans towards achieving compliance.

We will increasingly engage with suppliers to promote and evaluate compliance with our responsible sourcing commitments consistent with our Sustainability Policy. We pledge to use risk assessment tools to determine the risk of each third-party supplying mill in our supply chain, while setting priorities for monitoring and evaluation activities in order to assess and verify compliance. Through our engagement processes we aim to encourage the implementation of improved practices across our entire supply chain in line with industry standards for the production of sustainable palm oil.

## CORPORATE SOCIAL RESPONSIBILITY

### CORPORATE SUPPORT AGAINST COVID-19

The Group worked together with the University of Colombo, Ministry of Health and Indigenous Medicine, and Rotary International to enhance capacity for PCR testing and related infrastructure in the country, by providing equipment worth more than Rs. 20 Mn.

The Group commenced its support program in April 2020 by supplying essential reagents necessary to set up and commence COVID-19 PCR testing in the Faculty of Medicine at the University of Colombo in collaboration with their Department of Microbiology, Department of Anatomy, and Human Genetics Unit.



The provision of this equipment enabled the establishment of a facility at the University dedicated to test suspected patients on a daily basis, particularly at a time when Sri Lanka was in the very initial stages of upgrading laboratories to counter the novel Coronavirus.

Further, Carson Cumberbatch in June 2020 procured and donated 2,000 PCR test kits to the Ministry of Health and Indigenous Medical Services at a cost of Rs. 10.5 Mn. The donated test kits are claimed to be capable of producing results much faster than most PCR kits, which will facilitate the authorities to take timely action where required.

The Group also made a contribution of Rs. 10 Mn towards a project of Rs. 120 Mn spearheaded by Rotary International District 3220 to source a state-of-the-art fully automated PCR system together with other ancillary equipment. These included viral transport mediums, COVID-19 extraction and PCR kits, viral RNA mini kits, bio-safety cabinets, autoclave machines, centrifuge devices, a six-part haematological analyser with an auto-loader, and personal protective gear for the Medical Research Institute (MRI) in Colombo. The project, was designed specifically around the advanced PCR system to future-proof MRI and Sri Lankan healthcare services arm with the capability to handle challenges extending even beyond COVID-19.

### COMMUNITY WELFARE DURING THE COVID-19 PANDEMIC

Many of the Group's sector companies contributed to uplift the living conditions of under-served communities in areas surrounding its business operations. The Beverage sector took the initiative to distribute rice bags among the disadvantaged families in their community. The Leisure and Management Services sectors distributed parcels of essential goods among the following parties: members of surrounding communities, staff facing isolation in lockdown areas with no access to rations, as well as identified external service providers. These initiatives were not merely one-time activities, but were instead conducted regularly to ensure consistent support.



## SUPPORTING COMMUNITY HEALTH AND DEVELOPMENT

### Plantation Sector

Goodhope invests in multiple projects that contribute to the provision of improved facilities and services for the communities surrounding its plantations. Programs include healthcare provisions, clean water projects and contributions to provide improved road access according to community needs. Expenditure related to these projects in the 2020/21 financial year amounted to USD 297,221.



Our employee health teams work in collaboration with community health clinics to provide accessible and affordable health services. Programs include free healthcare checks, blood donation campaigns, family planning services, and health campaigns promoting healthy lifestyles and promoting the prevention of diseases.

Throughout the COVID-19 pandemic, the sector has been fully involved in providing relief to its neighbouring communities. Our teams have been working closely with local authorities to provide much-needed contributions to community health and medical services in the regions in which we operate.

Goodhope has been pro-actively supporting efforts to curb the spread of COVID-19 by working with local COVID-19 Taskforces to distribute Personal Protective Equipment, to conduct disinfectant spraying and to carry out campaigns to raise awareness on the risks associated with the disease and its preventive measures.

To help ensure that the necessary equipment is available for the treatment of COVID-19 patients, Goodhope has donated five Engstrom Carestation ventilator units, amounting to a cost

## Sustainability Report

of USD 194,242. The donations were made to hospitals in Sampit, Central Kalimantan and Nabire, Papua to enable intensive care treatment of COVID-19 patients.

### Beverage Sector

The Beverage sector facilitated four cycles of sanitisation at front-line government establishments during the second COVID-19 wave with the intervention of Red Cross Sri Lanka. In addition, the sector supported the PHIs with Personal Protective Equipment during this period. The sector also supplied a COVID hygiene pack to its retail business partners in a bid to further strengthening the culture needed to drive COVID-19 safety measures.

### EDUCATION

Our education programs aim to provide quality education for children that live in our plantation concessions and in neighbouring villages. Our vision is to equip students with the knowledge and skills needed to fulfil their future careers and endeavours.



The Agro Harapan Foundation employs 171 teachers, of which 62 are full-time internal teachers and 109 are auxiliary teachers seconded to public schools. Expenditure on education in the 2020/21 Financial year amounted to USD 710,680. A total of 12 schools are managed by the Foundation, providing free education to approximately 1,177 students.

During the COVID-19 pandemic, online methods of teaching have been used to replace teaching and learning activities from class rooms, enabling students to continue their education in an uninterrupted manner. For children who have difficulties in accessing the digital environment, public facilities in the vicinity are being utilised to

educate a limited number of students. Furthermore, teachers have been visiting students and conducting lessons in small groups at a designated space.

### COMMUNITY WELFARE

#### Uplifting Living Standards of the Community

The plantation sector provides opportunities for sustainable socio-economic development around its concessions. Within the scope of our capabilities, we aim to improve economic, environmental and social conditions and serve as a positive influence in the communities in which we operate. We support the UN Declaration on the Rights of Indigenous Peoples and the UN Food and Agriculture Organisation (FAO) Voluntary Guidelines on the Responsible Governance of Tenure, and enable local communities to give or withhold their Free, Prior, and Informed Consent (FPIC) to land-use plans for development or conservation.

#### Scheme Smallholders

Goodhope provides cooperative-owned scheme smallholder (PLASMA) plantations as an effective means of supporting sustainable development among local communities. More than 4,000 members benefit from PLASMA schemes provided by the company. For each cooperative, we aim to provide training to promote self-management, financial awareness and financial planning skills, to enhance the abilities of members to effectively manage their funds from their share of the profit, to encourage and support entrepreneurship and contribute to long-term improvements in community welfare.

#### Support for Independent Smallholders

The plantation sector actively supports independent smallholders by purchasing their crop and by promoting the adoption of Good Agricultural Practices to increase the productivity of smallholder-supplied commodities. We are implementing training activities for smallholder farmers to promote

the benefits of sustainable land management and to build capacity for livelihood improvement programs. In collaboration with Daemeter Consulting, our Farmer Field School program aims to help smallholder farmers to become eligible for sustainability certification (ISPO and RSPO), to improve crop productivity, and adopt good agronomy practices while encouraging the reduced and responsible use of chemical fertilizer and pesticides.

#### Alternative Income Generating Opportunities

We encourage local communities to participate in, contribute to, and benefit from sustainable ways of earning alternate income without disturbing forest ecosystems. With this aim, Goodhope has been working alongside a number of partner organisations to support the diversification of livelihoods, with programs including fruit and vegetable farming and the cultivation of bees for honey production. We seek to deliver the right programs to the right audience, ensuring we meet the aspirations of local communities and sufficiently equipping them with the necessary skills and infrastructure to facilitate sustainable development and long-term welfare and well-being.

Among some of the local products being sold is the famed Kelulut Honey from Lanpasa Village. Its production has been made possible by a collaboration between Goodhope, Swaraowa and Environmental Leadership and Training Initiative (ELTI), and via stakeholder engagement activities by the company's CSR team. It is worth noting that governments have been very supportive in developing Kelulut Honey as a specialty product.

We will continue to encourage alternative income generating activities designed to enhance community welfare in and around our operating locations, and to embrace partnership approaches to managing landscape level community development and conservation programs.

## PEOPLE SUSTAINABILITY

Guided by the principle that our multifaceted employees are our driving force, Carson Cumberbatch PLC ensures to always act as an ever-evolving and regenerating organisation that is farsighted in terms of designing policies and practices that concern our people.

We know that versatile employees bring forward greater variety, innovative approaches and new ways of thinking in the face of any situation. We therefore endeavour to ensure we create an environment where our employees are encouraged to be the best versions of themselves, which in turn serve as a goal and source of encouragement for all our current and future employees. Our main pillars of focus include work culture, employee engagement, productivity, effectiveness and efficiency, which are the backbone of our outlook on our employees.

The Group ensures that all employee related matters are conducted with the utmost level of transparency. This ensures best practices in industrial relations which in turn creates seamless corporate relations; promoting diversity and effective people practices by all managers.

### Total Employee Strength

Sector	Executive Directors	Managers	Executives	Non-Executives	Employees by Sector for 2021
Plantations, Oils and Fats	15	153	506	12,257	12,931
Portfolio and Asset Management	2	5	15	1	23
Beverage	3	67	77	94	241
Real Estate	1	1	5	11	18
Leisure	0	9	35	191	235
Management Services	8	8	23	5	44
<b>Total</b>	<b>29</b>	<b>243</b>	<b>661</b>	<b>12,559</b>	<b>13,492</b>

Our unrelenting efforts and unparalleled people policies has always ensured the Group always remains an employer of choice. Work-life-balance, occupational health and safety, performance-based remuneration, career development, an empowered work environment and sophisticated technology combined to create our employee value proposition.

### Learning and Development

The Group prides in providing well-structured, tailor-made learning opportunities for our staff which cascades from the robust performance management system that is currently in place. The immediate supervisor shares a tête-à-tête with constructive feedback during the performance review to ensure better performance in the future. Any identified learning gaps are bridged following the performance review in two possible approaches; knowledge sharing

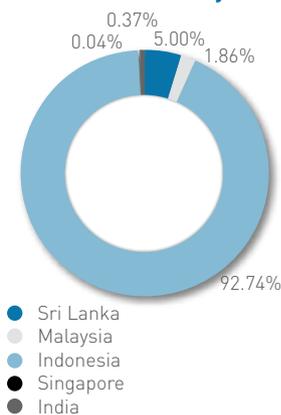
activities conducted by internal staff and external training sessions. In addition, all sectors have their own learning and development academies and other regular learning and development needs analyses which helps to identify and help employees to keep abreast of the latest developments in their respective fields.

All sector companies invest in learning and development, facilitating encashment of examination fees, study leave and sponsorships, there by incentivising staff to strive to improve themselves, which in turn ensures, creating a better environment for individual and collective development.

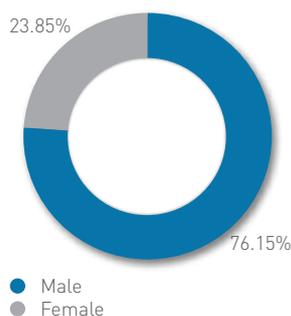
### Succession Planning

The Group believes it is important to have in place a well-nurtured talent pipeline as a second layer of employees, thereby facilitating a smooth work transition in

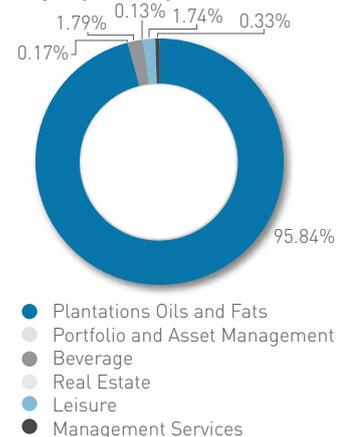
### Total Workforce by Country



### Gender Diversity



### Employees by Sector



## Sustainability Report

any situation. The main strategy of the Group in creating the talent pipeline is to identify internal potential employees for key positions as future successors.

An initial gap analysis is conducted for these identified employees and their short and long-term career advancement is discussed, documented, informed and set in place. The development plans are reviewed periodically to ensure the employees' development maintains the desired trajectory.

### Rewards and Recognition

We firmly believe in internal equity for our current employees, where the company places great emphasis in terms of rewards and recognition by ensuring staff are recognised solely for their merit. The Group conducts a market salary survey every other year to ensure our remuneration and rewards remain on par with industry norms.

Furthermore, the Group companies recognise employees who go above and beyond their call of duty to make an added contribution through intrinsic and extrinsic rewards such as referrals, spot recognition and quick-win programs.

### Employer and Employee Branding

With the current digital age where the most effective mode of communication with the external environment is achieved through social network services, the Group launched its own social network page. This platform is primarily used as a mean of employer branding through corporate communiqués such as sector vacancies, updates on corporate activities and other useful content.

The platform is also utilised as a means of employee branding, where employees from various sectors are provided with a platform to gain visibility, and share a personal testament on their experience in working as an employee of the Group.

### Work-Life Balance

The Company believes that employees' private and professional lives should retain a good balance and results in reinforcing employee satisfaction and loyalty. The Company supports employees who wish to play an active role in the community or assume responsibilities in professional, civic, cultural or voluntary organisations with mutual understanding.

Group emphasis on socialising among employees is manifested through events in the annual calendar. However, to combat the prevailing COVID-19 situation in the country where socialising is not the norm, the company arranged virtual staff activities such as virtual games and a virtual carol competition to break the monotonous working-from-home framework that employees face day in, day out, and thereby enable them to interact with their fellow colleagues.

### Health and Safety

With strategic importance placed on employee safety, the Company has taken various measures to ensure this goal is achieved by complying with local and international standards and by conducting regular audits and training of employees across all operating locations of the Group. These initiatives include fire safety training, as well as the provision of Personal Protective Equipment and periodic reviews of all safety equipment.

Medical schemes and awareness sessions are designed and conducted to provide employees and their immediate families with the necessary knowledge to maintain their health. Both indoor and outdoor medical facilities are maintained by investing in Company doctors and other medical facilities.

### Business Continuity and Staff Welfare Measures during COVID-19

We take pride in our achievement of conducting all operations of the Group devoid of any major interruptions during the year under review. By relying

on well-planned business continuity strategies that were already in place, a smooth transition to work-from-home for all staff during total lockdown periods was attained, thereby enabling smooth operations across our business operations. Our staff were well-equipped with the infrastructure and tools that enabled continuous connectivity, which in turn supported them to perform to the best of their ability in the face of the new normal.

In spite of the Government guidelines permitting hard-hit company sanctions for downsizing, the Group was successful in maintaining its original employee cadre with no layoffs. We take pride in our achievement of ensuring all staff related payments and statutory related payments were paid on the dates on which they were scheduled to be paid under normal circumstances.

At present, the Group operates on the following basis: all staff performing critical functions report to work whilst others continue to follow work-from-home procedures and protocols. To ensure the safety of all staff reporting to work, every operating location of the Group has provided staff members with the required Personal Protective Equipment as well as stringent Standard Operating Procedures which need to be regularly followed and complied with.

Staying true to our internal motto, i.e., 'corporate social welfare should start from our own staff', the Group ensured that Intermediate Care COVID (ICC) facilities run by private hospitals at designated hotels were made available to all local staff across sectors and their dependents, irrespective of their job position or number of years of service. This was initiated at a period when getting admitted to a government-run quarantine centre in a remote area was of greater concern than the risk of COVID-19 itself. To facilitate this initiative, the Group pre-booked sufficient hotel rooms at a few geographical locations to support

the easy mobilisation of positive cases to their closest ICC. This service was offered at no additional cost to the employee, and was instead sponsored by the respective company at which they were employed.

Taking this gesture further, the Group made an initial investment on two oxygen concentrators, which are to be used in the event any of our employees face complications due to lack of oxygen at any of the facilities to which they were admitted. We earnestly hope and pray that we will not face a single instance wherein these units need to be utilised or deployed.

## BEVERAGE SECTOR

### Employer Branding

Though it remained a somewhat subdued year due to the impact of COVID-19, the sector utilised digital channels to ensure the Company was highlighted as an employer of choice and a highly recognised corporate entity, in particular through the launch of the Lion Brewery LinkedIn profile.

### Performance Management

During the year under review, emphasis continued to be placed on identifying high performers to ensure a performance-driven culture that remains mutually beneficial to both the company and its employees.

This necessitated ensuring the robustness of the performance management process and framework, by including aspects such as transparency, simplicity, timeliness, and proper feedback. As a result, a stronger linkage between the sector and the employee key performance indicators was achieved, in addition to enabling the identification and evaluation of potential future leaders for succession in the Company.

### Talent Management

With more prominence placed on succession and building a future-ready management, the Group's talent

management process and policy was re-evaluated, and a more robust policy and process was put in place.

In line with the above assessment, the following were rolled out:

1. Identification of High Potential / Critical Talent.
2. Talent and people-centric KPIs for all Supervisory and Management staff.

### Employee Engagement

Due to the impact of COVID-19, non-traditional means of engagement were focused on, including the introduction of a company-wide social-networking group to drive engagement activities and knowledge sharing sessions specifically pertaining to the current COVID environment.

## PLANTATION SECTOR

With operations spread across Indonesia, Malaysia, Singapore, Sri Lanka and India, we recognise and value the vital contribution that our human capital makes towards business sustenance, performance and growth. At the core of our people management philosophy, we 'Value and respect individuals and their aspirations, and support their professional and personal growth'.

### Diverse Workforce

Diversity is embedded in all our people processes, policies and initiatives. All staff play an active role in fostering a more diverse and inclusive culture. Given that our talent originates from different ethnic backgrounds and cultures, the sector follows a non-discrimination employment policy that offers equal opportunities of employment devoid of biases against gender, race, colour, religion, marital status, and sexual orientation.

We remain focused on employee development across all geographies and levels of our business operations, in order to support overall individual, company and community development.

## Cultural Diversity

The Group's plantations are based in Indonesia, which is a nation of multiple ethnicities and cultures, and as such our employee base is comprised of people from a range of ethnic groups. Over 35% of our plantation workers are hired from the local communities, in order to support local community development.

Across our operating locations in Indonesia and Malaysia, the sector employs workforce from different locations such as Sri Lanka, Malaysia, Indonesia, India, Singapore, Europe and Pakistan at managerial levels in addition to local talent. Such a diverse, experienced workforce provides support in terms of addressing specific skill shortages in the specific geographic area and further facilitates local talent development. Through sustained development, we have been successful in developing local talent to acquire certain positions, without depending on expatriate staff.

### Bipartite Communication Forum (LKS Bipartite)

The LKS Bipartite is a means of communication between the Group, management and employees towards achieving and maintaining a common platform for effective communication, transparency and a conducive work environment.

### No Child Labour Policy

As a policy the Group does not employ staff who are below 18 years of age, in alignment with international labour laws and regulations. The Standards of Business Conduct, recruitment policy and hiring processes ensure the observance of this policy. This policy is circulated among all employees and recruitment teams to enable strict adherence. We further insist that our vendors adhere to the same practices through the inclusion of the 'No Child Labour' policy as a standard business clause in all our contracts.

## Sustainability Report

### Employee Rewards

We consider our diverse workforce to be our competitive advantage. Our total reward philosophy represents a wide spectrum of compensation models and metrics that retain competitiveness within the industry landscape in which the company operates, and provides each individual with fair and consistent rewards, benefits and compensation within an integrated organisational framework. The Reward Philosophy would attract, recognise and foster top talent of the Company, whilst recognising the capabilities of each individual and promoting opportunities for career and professional development, while enabling them to grow and excel to reach their full potential during the course of their career with the sector.

### Pay Equality

We believe in providing equal opportunity to all employees with no differentiation based on gender, religion, marital status and physical disabilities. The remuneration for staff across various levels is solely based on level-based salary scales, which considers factors such as the scope, skills and experience required to perform the role, decision making, span of control, criticality of the role, location, etc. The scales are reviewed on a periodic basis to ensure competitiveness with market standards.

All salaries and benefits for our workforce are in strict adherence to all statutory requirements across our operating locations.

### Employee Motivation

- Recognition & Achievement

We believe in appreciating those employees whose contribution to the growth of the company has remained significant, either through value addition or through the achievement of an exceptional milestone. Such contributions are recognised through structured rewards and recognition programs which are rolled out across all our locations. The effectiveness

of these programs are assessed continuously to ensure further improvement and relevance.

- Performance Management

Performance management is a key function, which serves to usher higher order employee and business performance. Clarity of objectives, ongoing feedback and reviews form the bedrock of effective performance management. These objectives are cascaded on a top-down basis to ensure alignment. This approach also facilitates a better line of sight in terms of one's job, and how it relates to the business unit and the organisation's performance. Half-yearly and annual performance reviews provide opportunities to discuss priorities and gather feedback for strengthening and improving performance. The rewards mechanisms are tied and differentiated based on performance output and ranks.

- Growth & Development

Career development is considered an integral component of the employee development process. Career advancement is provided in terms of either advancement within the same department and within the same location or with a transfer to another location with higher scope of duties and complexities while performing the job function. All critical positions our staff identify as critical are monitored periodically, and advancement opportunities are provided for deserving employees. Such employees who take over positions as people managers undergo a structured training intervention known as the 'First-Time Managers' Program'.

### Living Environment

We aim to provide a safe and healthy living environment for our employees and their families living in our plantations. Currently, the following services and amenities are provided to our employees:

- Housing facility with access to electricity, clean water and a semi-furnished house and vehicle ownership scheme.
- Religious facilities such as mosques, churches and temples.
- Supporting facilities such as medical clinic, sports fields, gathering hall, schools and day care centres.

### Learning & Development

The sector places a high degree of importance on the learning and development initiatives that are available to all employees. To facilitate in this process, we have established the "Goodhope Academy for Management Excellence" (GAME) under whose banner we run multiple training facilities across the sector's operating locations.

Furthering our efforts towards fostering a learning culture, we have developed comprehensive training modules for Agriculture and Engineering based learnings. These modules known as Core Agricultural Program (CAP) and Core Engineering Program (CEP) were developed by our own expert managers, and are used to improve knowledge levels, and educate our new employees, while conducting refreshers for existing employees.

Furthermore, at entry levels, we also provide structured on-the-job training and working experience with cutting-edge ERP systems and integrated IT solutions which offers the ideal capability development and exposure required to meet the aspirations of today's talented professionals.

In the 2020/21 financial year, our training and development initiatives were targeted at training employees on remote working, wellness and other critical statutory and mandatory training.

### Occupational Health & Safety

We are committed to provide a safe and healthy work environment. To ensure employees participate while maintaining

their own safety, clear guidelines were provided with sign-boards placed in strategic locations as a reminder to both employees and other visitors. Regular training was conducted to keep all employees abreast of new developments and new procedures to be implemented and followed. It is mandatory for employees to use Personal Protective Equipment (PPE) when working in or visiting our plantations and mills. Safety Officers are appointed and periodic audits and monitoring is undertaken to ensure that safety policies are adhered to by all.

The Oils and Fats sector is currently certified under HACCP, HALAL, Kosher for Food Safety and Occupational Health and safety. In addition to above, periodic customer audits and site visits are also undertaken to ensure adherence to stringent OHS requirements.

### A Note on the COVID-19 Response

During the period of the pandemic, particularly at such an unprecedented juncture in our lifetime, it is worth noting that we have taken proactive measures as early as the end of January 2020, in line with our commitment to maintain our employees' safety and business continuity as our main priority. We have taken measures to restrict travel, while facilitating work-from-home protocols for all office staff, while continuously reviewing and updating our Emergency Response Plans. Detailed protocols were drafted for every operating location, outlining relevant actions ranging from prevention to response. In addition, across our plantation locations, testing facilities have been made available to swiftly identify and isolate possible infections, if any. These actions ensured business continuity with no disruption to operations.

A taskforce comprising of business leaders was set up to monitor our progress and take swift decisions on a daily basis.

## LEISURE SECTOR

### Human Resource Planning

The sector continues to work with various identified and proven public and private training institutes to meet its human capital requirements. While this exercise has operated as a win-win situation for both the sector and the respective training institutes, it has also served as a stepping stone for fresh talent to gain confidence and enter the hospitality industry, even under the current circumstances.

In addition, the sector had been able to reap benefits which cascades down to the smooth operations of the sector where we always have a roster of employees to rely on. In the long-term, this exercise would facilitate as a foothold in identifying potential talent that could advance towards becoming future leaders and managers.

### Learning and Development

During the year under review, the sector continued to prioritise the learning and development of staff. The management remained focused on the continuous implementation of the Employee Training Policy. A higher degree of importance was extended towards enabling the staff to gain a new skillset with the onset of the COVID-19 pandemic, as well as in terms of relearning the etiquette involved in handling guests during such a pandemic.

The sector also continues the Skills Assessment Centre, which acts as the performance review mechanism where gaps are identified and employees are rewarded with career growth for best performance. In addition, the Pegasus Reef Hotel continues to provide prominence to the Train-the-Trainer Program, which is aimed at the identified next-level employees of the hotel, where the heads of their respective departments conduct in-house on-the-job training sessions, to sharpen the current skillset of the staff and update them on new industry trends.

### Employee Branding

In order to gain more visibility among the external talent, the sector relies on new social media platforms to gain visibility among them. Material such as employee testimonials and other employee-related content were published, which aided the sector in gaining visibility as a preferred employer among future potential talent.

### Work-Life Balance

The management considers that work-life balance is imperative to foster strong employee-employer relations. With the year under review being primarily dominated by the COVID-19 pandemic, the management made the additional effort to keep the staff motivated with various activities and sessions which would further enable the staff to balance their personal and work obligations.

The sector ensures to conduct a minimum of one staff activity every month to ensure staff motivation is maintained. Activities such as the in-house women's day celebration, town-hall meeting, and movie nights enabled staff to gain a semblance of much-needed normalcy during this period.

### Operations During COVID-19

The sector continued to successfully maintain its management operations amidst the COVID-19 pandemic and conducted many awareness sessions that involved preparing staff for a new approach in operations following the reopening of hotels. These included sessions on Standard Operation Procedures in customer handling, security guidelines and prevention of food contamination.

The sector ensured that all staff are provided with Personal Protective Equipment (PPE) including face masks, gloves and hand sanitisation liquid for maximum protection.

# Economic Value Statement

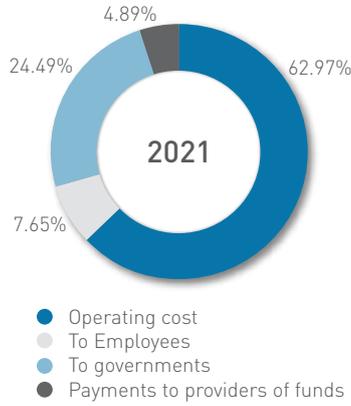
For the year ended 31st March	2021	2020	2019	2018	2017
(Amounts expressed in Sri Lankan Rs. Mn)					
<b>Direct economic value generated</b>					
Revenue	114,836	105,915	97,140	79,181	64,513
Other income	1,774	1,280	966	2,129	2,057
Share of profit/(loss) of equity accounted investee	(19)	11	7		(1,349)
Finance income	727	1,014	1,070	923	499
Change in fair value of investment properties	61	151	423	621	-
Change in fair value of biological assets	531	159	(392)	1,017	33
Change in fair value of fair value through profit or loss financial assets	1,884	(1,801)	(2,542)	1,180	(103)
	<b>119,794</b>	<b>106,729</b>	<b>96,672</b>	<b>85,051</b>	<b>65,650</b>
<b>Economic value distributed</b>					
Operating costs	89,162	86,500	75,463	63,475	52,424
To Employees as remuneration and other benefits	10,836	10,503	9,345	7,687	7,508
To Governments					
Payments to government of Sri Lanka	32,662	31,848	26,081	19,307	14,181
- Overseas Income Tax	2,013	328	1,698	1,739	1,059
Payments to providers of funds	6,927	7,801	6,074	5,419	4,922
	<b>141,600</b>	<b>136,979</b>	<b>118,661</b>	<b>97,627</b>	<b>80,094</b>
<b>Economic value retained</b>					
Depreciation	6,482	6,074	5,238	4,079	4,824
Amortisation	328	298	305	314	336
Profit after dividends	9,563	(2,608)	712	3,443	2,645
	<b>16,373</b>	<b>3,764</b>	<b>6,255</b>	<b>7,836</b>	<b>7,805</b>

## Note

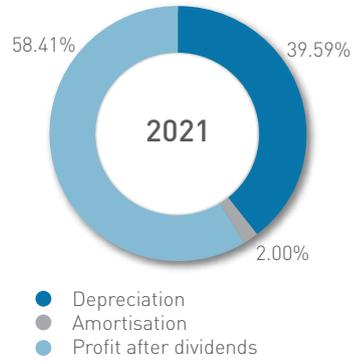
1. Value Added Tax and Economic Services Charge are excluded in arriving at the above revenue. Therefore, total tax liability to the Sri Lankan Government during the year included the following:

For the year ended 31st March	2021	2020	2019	2018	2017
(Amounts expressed in Sri Lankan Rs. Mn)					
Value Added Tax	4,230	6,760	7,125	5,381	1,943
Nation Building Levy included under net sales above	-	667	931	210	161
Excise Duty & Import duty included under net sales above	30,646	29,233	24,140	18,551	13,873
	<b>34,876</b>	<b>36,660</b>	<b>32,196</b>	<b>24,142</b>	<b>15,977</b>
Income Tax	2,016	1,947	1,010	546	147
Total Taxes paid to the Government of Sri Lanka	<b>36,892</b>	<b>38,608</b>	<b>33,206</b>	<b>24,688</b>	<b>16,124</b>

### Economic value distributed



### Economic value retained



### Taxation paid to Sri Lankan Government



# Management Teams

## PLANTATIONS, OILS & FATS

Hariharan Selvanathan Deputy Chairman/Group Chief Executive Officer	Gnanasegaran Kasiya Director/Plantations	Rushdi Azeez Director/Country Head Sri Lanka
Aneesh Dudeja President and Chief Financial Officer	Muthukumaran Murugiah Director - Engineering	Amjad Ibrahim Director/Head of Business Services & Process Re-Engineering
Satish Selvanathan Executive Director	Carl Dagenhart Head of Group Sustainability (Appointed w.e.f April 2021)	
Ms Sharada Selvanathan Director/Head of Corporate Planning	T. Hendro Director/Head of Tax & Statutory Assurance (Appointed w.e.f April 2021)	
Samir Desai Director/Chief Operating Officer - Edible Oils & Fats Segment and Upstream Sales & Marketing	Ahmad Latif Chief Financial Officer - Downstream & Group Chief Risk Officer	
Sanjaya Upasena Director/Chief Operating Officer - Oil Palm Plantation	Saliya Rodrigo Director/Head of Finance - Upstream	

## BEVERAGE

Suresh Shah Director/CEO (Retired w.e.f 30/6/2021)	Indika Daniels Head - Pubs & Places	Channa Senarathne Head of Regulatory Affairs
Rajiv Meewakkala Director/CEO (Appointed as CEO w.e.f 1/7/2021)	Hiran Edirisinghe Chief Engineer (up to 31st March 2021)	Jehan Goonaratne Financial Controller - Corporate Finance
Ranil Goonetilleke Director - Finance	Shiyan Jayaweera Head of Marketing	Keerthi Kanaheraarachchi Head of Corporate Affairs
Stefan Atton Vice President - International Business (from 1st April 2021)	Shiran Jansz Head of Procurement	Chaminda Bandaranayake Head of Packaging
Nirosh de Silva General Manager - Technical	Ms. Surani Amerasinghe Head of Human Resources	Prashanthan Pathmanathan Financial Controller - Commercial
Madhushanka Ranatunga General Manager - Sales & Marketing (from 1st April 2021)	Nishantha Hulangamuwa Head of Sales & Outbound Logistics	Ms. Ama Ekanayake Head of Information Technology
	Eshantha Salgado Head of Technological Development & Sustainability	Chandana De Silva Quality Assurance Manager
		Ruwandhi Thantrige Head of Legal

**PORTFOLIO & ASSET MANAGEMENT**

Krishna Selvanathan  
Director/CEO

Prabath Ekanayake  
Finance Manager

Sumith Perera  
Director/Head of Portfolio Management

Ms. Dinupa Pieris  
Head of Marketing

Asanka Jayasekara  
Head of Research

Priyan De Mel  
Manager - Operations

**REAL ESTATE**

Nalake Fernando  
Director - Property Management

S. Rajaram  
Head of Engineering

**LEISURE****Pegasus Reef Hotel**

Amila Alvis  
General Manager - Pegasus Reef Hotel

Vibath Wijesinghe  
Director - Finance, CMSL

Kapila Gunathilake  
Head of Finance

Dushmantha Fernando  
Head of Sales & Marketing

Ms. Mala Munasinghe  
Executive Housekeeper

Nilanka Dissanayake  
Senior F&B Assistant Manager

Ms. Premila Samarakoon  
Front Office Manageress

Nalinda Abeyratne  
Executive Chef

Kolitha Perera  
Chief Engineer

**Giritale Hotel**

Thiagarajah Ganeshan  
General Manager - Giritale Hotel

Senarath Ekanayake  
Accountant

**MANAGEMENT SERVICES**

Ajith Weeratunge  
Director

Ms. Keshini De Silva  
Director

Krishna Selvanathan  
Director

Sudarshan Selvanathan  
Director

Ms. Amali Alawwa  
Director - Legal

Vibath Wijesinghe  
Director - Finance

Amal Badugodahewa  
Director - Tax

Bernard Silva  
Head of HR

Chaminda Premarathne  
Director - Internal Audit

Sunimal Jayasuriya  
Head of IT

# Group Directorate

## PLANTATIONS, OILS & FATS

### GOODHOPE ASIA HOLDINGS LTD.

#### Directors:

Chandra Das S/O Rajagopal Sitaram  
\*\* NEI (Chairman), H. Selvanathan  
(Executive Director & Deputy  
Chairman), D.C.R. Gunawardena \*\*\* NE  
& NI, A. P. Weeratunge\* NE, A. Dudeja

### SHALIMAR DEVELOPMENTS SDN. BHD.

#### Directors:

H. Selvanathan, M. Selvanathan,  
D.C.R. Gunawardena, Ms. H.S. Lin,  
S.B. Ismail

### PT AGRO INDOMAS

#### Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
I. Paulraj, M. Ramachandran Nair,  
T. de Zoysa, D.C.R. Gunawardena,  
A.S. Amaratunga

#### Directors:

A. Dudeja - President Director, C.A.V.S.  
Upasena (Vice President Director),  
C.S. Pakadang, Edi Suhardi,  
B.C.S.T.I Rodrigo

### SHALIMAR (MALAY) PLC

#### Directors:

H. Selvanathan - Chairman  
M. Selvanathan, I. Paulraj \* NE,  
D.C.R. Gunawardena \* NE, K.C.N.  
Fernando, S. Mahendrarajah \*\* NEI,  
D.P De Silva \*\*\* NEI

### SELINSING PLC

#### Directors:

M. Selvanathan - Chairman,  
H. Selvanathan, I. Paulraj \* NE,  
D.C.R. Gunawardena \* NE,  
S. Mahendrarajah \*\* NEI, S. N. Alles \*\*  
NEI

\* Non-Executive Director

\*\* Non-Executive/Independent Director

\*\*\* Non-Executive/Non Independent Director

### INDO-MALAY PLC

#### Directors:

H. Selvanathan - Chairman,  
M. Selvanathan, I. Paulraj \* NE,  
D.C.R. Gunawardena \* NE, S.  
Mahendrarajah \*\* NEI, S. N. Alles\*\* NEI

### GOOD HOPE PLC

#### Directors:

H. Selvanathan - Chairman,  
M. Selvanathan, I. Paulraj \* NE,  
D.C.R. Gunawardena \* NE,  
S. N. Alles \*\* NEI, D.P De Silva \*\*\* NEI

### PT AGRO ASIA PACIFIC

#### Commissioners:

H. Selvanathan - President Commissioner,  
M. Selvanathan,  
D.C.R. Gunawardena

#### Directors:

C.A.V.S. Upasena - President Director, C.S.  
Pakadang, A. Dudeja, B.C.S.T.I Rodrigo

### PT KARYA MAKMUR SEJAHTERA

#### Commissioners:

H. Selvanathan - President Commissioner,  
M. Selvanathan,  
D.C.R. Gunawardena

#### Directors:

A. Dudeja - President Director, C.A.V.S.  
Upasena (Vice President Director), C.S.  
Pakadang, Edi Suhardi, B.C.S.T.I Rodrigo

### PT AGRO HARAPAN LESTARI

#### Commissioners:

H. Selvanathan - President Commissioner,  
M. Selvanathan (Vice President  
Commissioner), I. Paulraj

#### Directors:

C.A.V.S. Upasena, C.S. Pakadang,  
E. Suhardi, A. Dudeja, B.C.S.T.I Rodrigo

### PT AGRO BUKIT

#### Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
I. Paulraj, D.C.R. Gunawardena,  
T. de Zoysa

#### Directors:

A. Dudeja - President Director, C.A.V.S.  
Upasena (Vice President Director),  
C.S. Pakadang, B.C.S.T.I Rodrigo

### AGRO HARAPAN LESTARI (PRIVATE) LIMITED

#### Directors:

H. Selvanathan - Chairman,  
C.A.V.S. Upasena, Ms. Sharada  
Selvanathan, A.R. Azeez

### AHL BUSINESS SOLUTIONS (PRIVATE) LIMITED

#### Directors:

D.C.R. Gunawardena - Chairman,  
M.I.M. Amjad, C.A.V.S. Upasena.

### AGRO ASIA PACIFIC LIMITED

#### Directors:

H. Selvanathan, M. Selvanathan,  
Satish Selvanathan, A. Dudeja  
(Appointed w.e.f. 19th October 2020)  
Chandra Das S/O Rajagopal Sitaram  
(Appointed w.e.f 01st February 2021)  
D.C.R. Gunawardena (Appointed w.e.f  
01st February 2021)

### PT AGRAJAYA BAKTITAMA

#### Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

**Directors:**

C.A.V.S. Upasena - President Director,  
C.S. Pakadang, A. Dudeja,  
B.C.S.T.I Rodrigo

**PT RIM CAPITAL****Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena, S.C.P. Chelliah

**Directors:**

A. Dudeja - President Director, C.A.V.S.  
Upasena (Vice President Director), C.S.  
Pakadang, B.C.S.T.I Rodrigo

**PT AGRO WANA LESTARI****Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

**Directors:**

A. Dudeja - President Director,  
C.A.V.S. Upasena (Vice President  
Director), C.S. Pakadang, Edi Suhardi,  
B.C.S.T.I Rodrigo

**PT NABIRE BARU****Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

**Directors:**

C.A.V.S. Upasena - President Director,  
C.S. Pakadang, A. Dudeja,  
B.C.S.T.I Rodrigo

**PT BATU MAS SEJAHTERA****Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

**Directors:**

C.A.V.S. Upasena - President Director,  
C.S. Pakadang, A. Dudeja,  
B.C.S.T.I Rodrigo

**PT SAWIT MAKMUR SEJAHTERA****Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

**Directors:**

C.A.V.S. Upasena - President Director,  
C.S. Pakadang, A. Dudeja,  
B.C.S.T.I Rodrigo

**PT SUMBER HASIL PRIMA****Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

**Directors:**

C.A.V.S. Upasena - President Director,  
C.S. Pakadang, A. Dudeja,  
B.C.S.T.I Rodrigo

**PT SINAR SAWIT ANDALAN****Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

**Directors:**

C.A.V.S. Upasena - President Director,  
C.S. Pakadang, A. Dudeja,  
B.C.S.T.I Rodrigo

**PT SARIWANA ADI PERKASA****Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

**Directors:**

C.A.V.S. Upasena - President Director,  
C.S. Pakadang, A. Dudeja,  
B.C.S.T.I Rodrigo

**PT AGRO BINA LESTARI****Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

**Directors:**

C.A.V.S. Upasena - President Director,  
E. Suhardi, C.S. Pakadang,  
A. Dudeja, B.C.S.T.I Rodrigo

**PT AGRO SURYA MANDIRI****Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

**Directors:**

C.A.V.S. Upasena - President Director,  
C.S. Pakadang, E. Suhardi,  
A. Dudeja, B.C.S.T.I Rodrigo

**ARANI AGRO OIL INDUSTRIES  
PRIVATE LIMITED****Directors:**

S.K. Desai, G.V. Krishna Rao (Resigned  
w.e.f 10/12/2020), S.C.P. Chelliah,  
Swamy Madhusudhana Rao Alampally  
(Appointed w.e.f 10th December 2020)

**PREMIUM OILS & FATS SDN.BHD.****Directors:**

H. Selvanathan, M. Selvanathan,  
C.A.V.S. Upasena, S.K. Desai

**PREMIUM VEGETABLE OILS SDN.  
BHD.****Directors:**

Satish Selvanathan (Chairman),  
H. Selvanathan, Samir Desai, Ahmad  
Latif, Naoto Muto

**PREMIUM NUTRIENTS PRIVATE  
LIMITED****Directors:**

H. Selvanathan, M. Selvanathan,  
A. Dudeja, Samir Desair

**GOODHOPE INVESTMENTS  
(PRIVATE) LIMITED****Directors:**

H. Selvanathan - Chairman,  
M.I.M. Amjad, A R Azeez (Appointed  
w.e.f 26/10/2020)

## Group Directorate

### BEVERAGE

#### CEYLON BEVERAGE HOLDINGS PLC

##### Directors:

D. A. Cabraal - Chairman \*\*NEI  
 H. Selvanathan (Deputy Chairman),  
 M. Selvanathan (Director/Alternate  
 Director to H. Selvanathan), S. K.  
 Shah (Chief Executive Officer/Director)  
 (Retired w.e.f 30/6/2021),  
 D.C.R. Gunawardena \* NE,  
 R.H. Meewakkala (Appointed as CEO  
 w.e.f 1/7/2021), S. Clini\* NE, Ms.  
 S.J.F. Evans\*\* NEI (Appointed w.e.f.  
 1/10/2020)

#### LION BREWERY (CEYLON) PLC

##### Directors:

D. A. Cabraal - Chairman\*\* NEI,  
 H. Selvanathan (Deputy Chairman),  
 S. K. Shah (Chief Executive Officer/  
 Director - Retired w.e.f 30/6/2021),  
 D.C.R. Gunawardena \* NE, D. R. P.  
 Goonetilleke, K. Selvanathan (Director/  
 Alternate Director to H. Selvanathan),  
 Ms. S.J.F. Evans\*\* NEI,  
 R. H. Meewakkala (Appointed as  
 CEO w.e.f 1/7/2021), Lim C. K.\* NE,  
 (Resigned w.e.f 16/10/2020)  
 S. Selvanathan, S. Clini\* NE, Ms. V. Gun  
 L.L.\* NE (Appointed w.e.f. 19/10/2020)

#### PUBS 'N PLACES (PRIVATE) LIMITED

##### Directors:

S.K. Shah (Resigned w.e.f 30/6/2021),  
 D.R.P. Goonetilleke, S.W.M.K.N.  
 Hulangamuwa, M.R.B. Ranatunga,  
 S.G.S. Atton, R.H. Meewakkala  
 (Appointed w.e.f. 1/2/2021)

#### RETAIL SPACES (PRIVATE) LIMITED

##### Directors:

S.K. Shah (Resigned w.e.f 30/6/2021),  
 D.R.P. Goonetilleke, S.G.S. Atton, R.H.  
 Meewakkala (Appointed w.e.f. 1/2/2021)

#### LUXURY BRANDS (PRIVATE) LIMITED

##### Directors:

S.K. Shah (Resigned w.e.f 30/6/2021),  
 D.R.P. Goonetilleke, S.G.S. Atton,  
 M.R.B. Ranatunga (Resigned w.e.f.  
 15/9/2020), R.H. Meewakkala  
 (Appointed w.e.f. 1/2/2021)

#### PEARL SPRINGS (PRIVATE) LIMITED

##### Directors:

S.K. Shah (Resigned w.e.f 30/6/2021),  
 D.R.P. Goonetilleke, R.H. Meewakkala  
 (Appointed w.e.f. 1/2/2021)

#### MILLERS BREWERY LIMITED

S.K. Shah (Resigned w.e.f 30/6/2021),  
 D.R.P. Goonetilleke, P.M.N.P. De Silva,  
 R.H. Meewakkala (Appointed w.e.f.  
 1/2/2021)

### LEISURE

#### PEGASUS HOTELS OF CEYLON PLC

##### Directors:

D.C.R. Gunawardena \*NE (Chairman),  
 M. Dayananda \*\*NEI, K. Selvanathan,  
 S.R. Mather, V.R. Wijesinghe

#### EQUITY HOTELS LIMITED

##### Directors:

D.C.R. Gunawardena (Chairman),  
 V. R. Wijesinghe, A. P. Weeratunge

#### CARSONS AIRLINE SERVICES (PRIVATE) LIMITED

##### Directors:

H. Selvanathan - Chairman,  
 M. Selvanathan, D.C.R. Gunawardena

### REAL ESTATE

#### EQUITY ONE LIMITED

##### Directors:

D.C.R. Gunawardena (Chairman),  
 K.C.N. Fernando, E.H. Wijenaike, A.P.  
 Weeratunge, S. Mahendrarajah,  
 P.D.D. Fernando, S.M. Marimuthu\*\* NEI  
 (Appointed w.e.f. 15/9/2020)

#### EQUITY TWO PLC

##### Directors:

D.C.R. Gunawardena \*NE (Chairman),  
 K.C.N. Fernando, A.P. Weeratunge,  
 E.H. Wijenaike \*\*NEI, P.D.D. Fernando  
 \*\*NEI, S.M. Marimuthu\*\* NEI  
 (Appointed w.e.f. 15/9/2020)

#### EQUITY THREE (PRIVATE) LIMITED

##### Directors:

I. Paulraj, K. C. N. Fernando

\* Non-Executive Director

\*\* Non-Executive/Independent Director

\*\*\* Non-Executive/Non Independent Director

## PORTFOLIO &amp; ASSET MANAGEMENT

**CEYLON GUARDIAN INVESTMENT TRUST PLC****Directors:**

Mrs. M.A.R.C. Cooray \*\*NEI - Chairperson, D.C.R. Gunawardena \*NE, V.M. Fernando \*\*NEI, K. Selvanathan, C.W. Knight \*\*NEI, T.C.M. Chia \*\*NEI (resigned w.e.f 31/5/2021)

**CEYLON INVESTMENT PLC****Directors:**

Mrs. M.A.R.C. Cooray \*\*NEI, D.C.R. Gunawardena \*NE, A.P. Weeratunge, V.M. Fernando \*\*NEI, K. Selvanathan, T.C.M. Chia \*\*NEI (Resigned w.e.f 31/5/2021)

**GUARDIAN CAPITAL PARTNERS PLC****Directors:**

I. Paulraj \*NE (Chairman), D.C.R. Gunawardena \*NE, S. Mahendrarajah \*\*NEI, Mrs. M.A.R.C. Cooray \*\*NEI, K. Selvanathan

**RUBBER INVESTMENT TRUST LIMITED****Directors:**

I. Paulraj (Chairman), D.C.R. Gunawardena, A.P. Weeratunge

**Alternate Director:**

A.P. Weeratunge (for I. Paulraj and D.C.R. Gunawardena)

**GUARDIAN FUND MANAGEMENT LIMITED****Directors:**

K. Selvanathan, A.P. Weeratunge, M.A.T. Jayawardena (Resigned w.e.f 5/3/2021), S. M.Perera (Appointed w.e.f 5/3/2021)

**GUARDIAN ACUITY ASSET MANAGEMENT LIMITED****Directors:**

D.C.R. Gunawardena- Chairman, M.R. Abeywardena, K. Selvanathan, D.P.N. Rodrigo, S.M. Perera, N.H.T.I Perera

**GUARDIAN FUND MANAGEMENT LLC****Directors:**

Mrs. O.A.I.Balladin, C.W. Knight, S. Thomas, K. Selvanathan

**GUARDIAN VALUE FUND LLC****Directors:**

Z. Soopun, T. Parmessur, C. W. Knight, S. Thomas, M. A. T. Jayawardana (Resigned w.e.f 5/3/2021), R.M.A.S.P.K.Jayasekera (Appointed w.e.f 5/3/2021)

**LEECHMAN & COMPANY (PRIVATE) LIMITED****Directors:**

H. Selvanathan, M. Selvanathan, S. Mahendrarajah

## MANAGEMENT SERVICES

**CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED****Directors:**

H. Selvanathan (Chairman), M. Selvanathan, S.K. Shah (Resigned w.e.f 30/6/2021), K.C.N. Fernando, Mrs. K.D. De Silva, A.P. Weeratunge, K. Selvanathan, V.R. Wijesinghe, S. Selvanathan

\* Non-Executive Director

\*\* Non-Executive/Independent Director

\*\*\* Non-Executive/Non Independent Director

# Risk Management

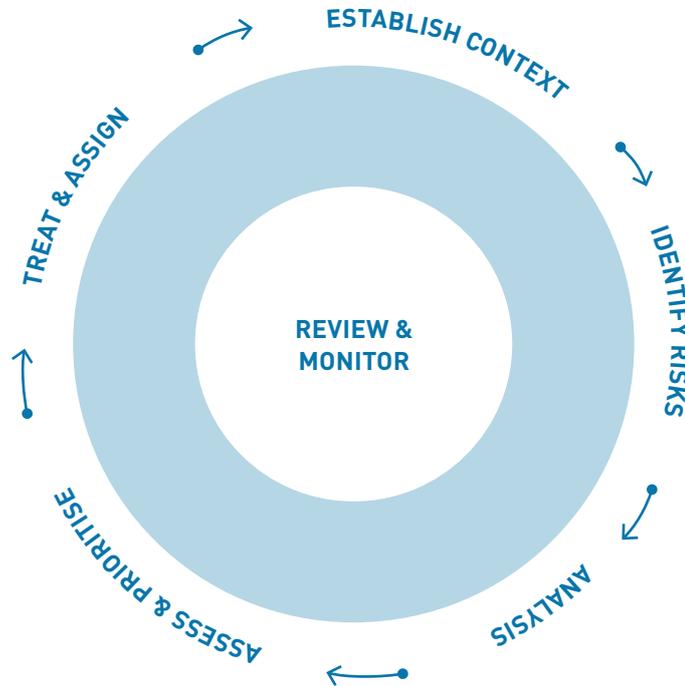
Carson Cumberbatch PLC is a diversified conglomerate. Carson Group with global operations is exposed to a great variety of risks which are either general in nature or industry/country specific. As a result, risk management has become an integral part of business and management. These practices provide reasonable assurance through the process of identification and management of events, situations, or circumstances which even if they occur would not significantly impact the achievement of objectives of the business. In other words, risk management practices will ensure minimum impact from adverse events and will help to maximize the realization of opportunities whilst risks are managed until they are mitigated and re-assessed to be within sector's risk appetite.

Enterprise Risk Management (ERM) provides a common process and terminology for all risk management activities. Its main goals focus on fostering risk awareness and promoting proactive management of threats and opportunities.

In implementing the business plan, the Group has embodied enterprise risk management to its business activities. This risk management process supports;

- Corporate Governance
- Quality of business planning
- Audit planning
- Project planning and implementation
- Building confidence of various stakeholder groups

## ERM PROCESS



ERM process re-validates that the relevant internal control systems are in place and provides assurance to Management/Board of Directors that processes are robust and working effectively.

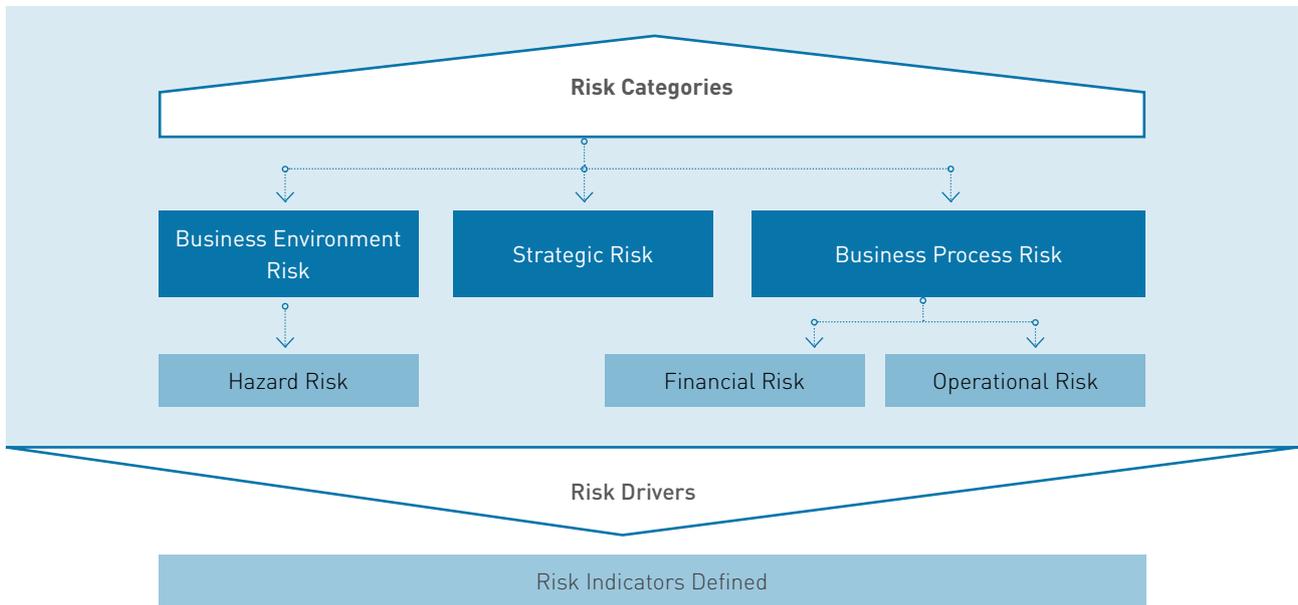
When executing the ERM process, management identifies the risks and categorises into main three types of risks as shown below. Purpose of the risk modeling is to create a common language for better communication, knowledge sharing and comparison. Risk drivers are the key factors which create risks. Risk indicators are primarily deviation from set Goals or KPI's. Deviations are timely identified through ongoing review and monitoring activities carried out by the management.

By using qualitative and quantitative methods, likelihood of occurring and probability of outcome of the above identified risks are analysed.

Using the Risk Grid, management determine the contribution of each risk to the aggregate risk profile in terms of the impact on achievement of company's objectives and prioritise accordingly.

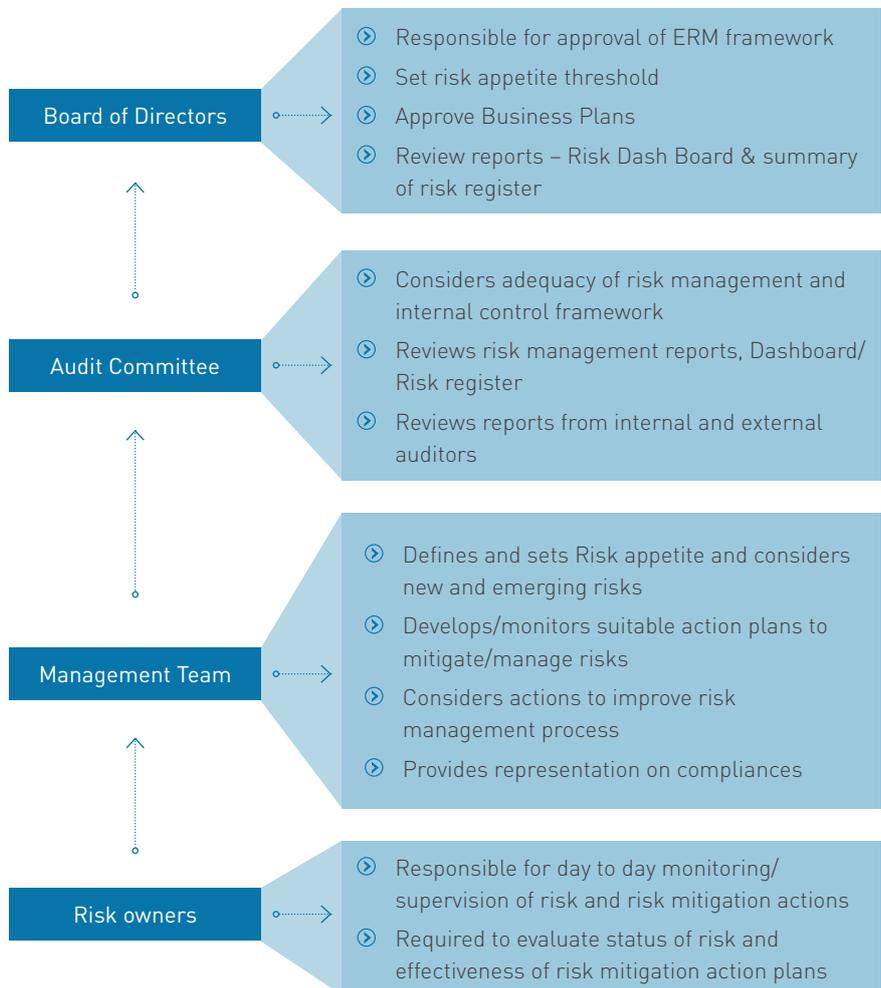
Once risk events are identified risk responses could take the form of;

- Risk Acceptance
- Risk Avoidance
- Risk Transfer/share
- Risk Minimization



Comprehensive and benchmarked Procedure Manuals and techniques, together with timely supervision and monitoring of risk management practices by the business managers while discharging their responsibilities and accountability provides the first line of defence. Relevant action plans to be reviewed and monitored by the management teams in their respective spheres of operation. Further, during this process relevance and impact of identified risks will be reassessed. Status and outcome of the action plans are presented to CEO, Audit Committee and Board of Directors.

Risk Management Governance Structure includes a reporting framework within the organisation and to the Board of Directors, thereby allowing Directors to assume their supervisory function for better Corporate Governance.



## Risk Management

Risk Management is one of the driving factors of sustainability of operations and have identified the following risk profiles. The principal risks thus identified are considered and reviewed at various stages within our business process continuously and appropriate risk responses and strategies are implemented.

Risk	Impact	Risk Responses and Strategies
<b>Global Pandemic</b>	<p>The Covid-19 pandemic has caused disruption to many local and global business and economic activities as it forced to close country borders, lockdown cities and implement social distancing to ensure health and safety of citizens. Each sector has been closely monitoring the impact of the pandemic on the operations as at year end and in the immediate future. Further, some of the sectors like leisure, investment management and beverage had to temporarily ceased operations because of Covid-19. Leisure sector was affected due to subdued foreign tourist arrival due to Covid-19 pandemic.</p>	<p>The Group took immediate steps to implement actions in the Business Continuity Plan and put into action the alternate working arrangements with due consideration to health and safety of employees.</p> <p>Where necessary, Employees were deployed to monitor and upkeep plant and machinery.</p> <p>We are closely monitoring the economic cost of the pandemic and will be continually assessing the financial impact across our sectors and draft proactive business responses accordingly.</p>
<b>Commodity Price Risk</b>	<p>Oil Palm Plantation and Oil &amp; Fats Segments are susceptible to fluctuations in global Crude Palm Oil (CPO) prices for which we have minimal control, being a price taker.</p> <p>Key impacts on CPO price is driven by global demand of vegetable oil, supply from the palm plantation industry as a whole, supply and demand for substitute oils such as soy and rapeseed, global crude oil prices, demand for biofuel and other such factors which impact supply and demand.</p> <p>All sectors</p> <p>Prices of other raw materials may also fluctuate due to changes in global economic conditions, weather patterns, government policies and developments in international trade.</p>	<p><b>Oil Palm Plantation Segment</b></p> <p>Manage the impact of price volatility and cash flows by entering into physical spot and forward sales contracts, manage the timing of sales and price hedging at opportune timing.</p> <p>The segment continues to focus on becoming one of the lowest cost producers, as cost remains the area within the control of the management.</p> <p><b>Oils &amp; Fats Segment</b></p> <p>Seek to maintain a back-to-back cover on raw material purchases (Palm Kernel PK feedstock) to minimise the price volatilities.</p> <p>Transfer the price fluctuations to the customer, whenever possible.</p> <p><b>Beverage Sector</b></p> <p>Beverage sector continuously monitor commodity prices of raw materials and where opportune, enters into forward contracts for buying major raw materials with the assistance of international business partner or on its own.</p>

Risk	Impact	Risk Responses and Strategies
<b>General Securities Risk</b>	<p>Any trading in securities carries inherent investment risks associated with the entity issuing those securities. In particular the price or value of any security can and does fluctuate and may even become valueless, resulting in possible loss not only of returns and profits, but even also of all or part of the principal sums invested. These risks arise as a result of the overall risks faced by the issuing entity which affects its ability to provide a return to the investors holding the securities issued by it. Particularly in the case of equities, past performance of any investment is not necessarily indicative of future performance. At Guardian our approach focuses on the fact that there is no substitute for fundamental individual security assessment.</p> <p>Largest components of assets remain with carefully selected quoted investments in the Colombo Stock Exchange (CSE).</p> <p>The closure of the CSE affected our operations as we were unable to transact to reshape the portfolio accordingly.</p>	<p><b>Investment sector</b></p> <ul style="list-style-type: none"> <li>• Sound internal research processes and evaluation of all investments after taking precautions given the stressed conditions.</li> <li>• Once an investment is made a continuous process of monitoring the performance of that investment is adopted.</li> <li>• Manage the concentration risk arising from over exposure to one security by monitoring sector exposure and single company exposure as mitigation strategies. Further, private equity exposure limits at company and group level are monitored as another measure of managing risk. Loss limits are set to monitor stocks performing below their cost of acquisition to determine whether temporary capital erosion is a concern. This helps us mitigate the downside risk of any security in the portfolio.</li> <li>• Market risks affecting a particular class of security are mitigated by switching to asset classes that are assessed to be less risky in a particular scenario.</li> </ul>
<b>Environment Scrutiny Risk</b>	<p><b>Oil Palm Plantation Segment</b></p> <p>The NGO's scrutiny and enforcement on palm industry has increased with calls for a greater standard than industry set standards identified by RSPO (Roundtable on Sustainable Palm Oil).</p> <p>NGO's are pushing MNC companies who are the customers of the main oil producers/traders to go beyond RSPO and adhere to NDPE (No Deforestation, No Peat, No Exploitation Policy)</p> <p>These NGO's are aggressively focusing to push for higher standards and targeting mid to large scale plantation companies as well as focusing on the financiers (Bankers) of such plantations.</p>	<p><b>Oil Palm Plantation Segment</b></p> <p>Good Hope Asia Holdings Limited (GAHL) has committed to this higher standard with its own new NDPE policy in 2017, with the input of major stakeholders including NGO's.</p> <p>GAHL's sustainability initiatives are focused on education and empowerment as well as environment management.</p> <p>GAHL's sustainability action plan is shared monthly with external stakeholders and have been well received by them. The palm oil sector's sustainability efforts have been recognized internationally in the SPOTT (Sustainability Policy Transparency Toolkit) assessment carried out by the Zoological Society of London. For the year 2020, the group achieved the ranking of #17 out of 100 palm oil companies.</p>

## Risk Management

Risk	Impact	Risk Responses and Strategies
<b>Development Delays Risk</b>	<p>New plantation development in Indonesia can be negatively impacted due to changes in laws, multiple &amp; ambiguous land claims, government requirements for small holder land development.</p> <p>Project delays may result in significant increases in development costs when restarted, build-up of overhead costs and loss of land to third parties as well as social issues from local smallholders (Plasma) who expect development of land at a faster pace.</p>	<p>Ensure that necessary permits and licenses are acquired in a timely manner to complete the developments.</p> <p>To proactively manage social issues affecting land release and multiple land claims and work with smallholder and government authorities to obtain land required for small holder development.</p>
<b>Land Ownership Risk</b>	<p>Land allocated to plantations by regional authorities face overlap with concession given to other industries such as mining and forestry. In addition, plantation companies in Indonesia face overlap claims with other palm plantations as well as local communities due to unclear land titles and ownership which results from lack of clarity between local, regional and national authorities on land status in these various different maps.</p> <p>Indonesian government is also under pressure from NGO's to curtail deforestation and use of land for plantations.</p> <p>At the same time, Indonesia is looking to fight poverty by mandating small holder/plasma schemes in-order to achieve poverty alleviation via distribution of wealth at rural level.</p>	<p>Ensure that all required approvals from the respective authorities are obtained and expedite land title processing in order to safeguard the plantation land within the group.</p>
<b>Human Resource Risk</b>	<p>Being unable to recruit and retain appropriately skilled employees could adversely affect the ability to grow and maintain a competitive position in the marketplace.</p> <p>The human resources required to harvest Fresh Fruit Bunches (FFB) tend to be impacted by higher turnover.</p>	<p>The following initiatives have been implemented by the Group.</p> <ul style="list-style-type: none"> <li>• Ensuring recruitments are carried out to hire employees with required qualification, knowledge and experience</li> <li>• Identifying and assessing the key staff members crucial for successful operations.</li> <li>• Identifying gaps in skills and capabilities of key roles and implement development programs to facilitate career progression and succession planning</li> <li>• Investing in organization-wide training and development to enhance capability levels and maintain motivation of the employees.</li> </ul>

Risk	Impact	Risk Responses and Strategies
<b>Foreign Exchange Risk</b>	<p>Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.</p> <p>Currently Plantations, Oils and Fats sectors' impact of forex movements mainly arise from the translation/ revaluation of the Group's USD denominated borrowings and supplier liabilities as required by IFRS and do not entail an actual cash transaction loss.</p>	<p>Assets, liabilities and other operational expenses which arise from daily operations are primarily denominated in the functional currencies within the Group.</p> <p>Minimise the cash flow impact by linking the oil palm sector revenue to the USD linked CPO prices. Continue to monitor the market volatilities to anticipate and exploit the favourable movements.</p>
<b>Business Environment Risks</b>	<p>Unfavourable global and local weather patterns resulting in adverse weather conditions, natural and man-made disasters including fires and haze from fires, droughts, floods, pestilence and crop disease could reduce the amount or quality of FFB we are able to harvest in the palm oil plantation sector.</p>	<p>Minimise fire risk through monitoring and maintaining adequate fire response resources. Invest in agronomy and plantation management practices to minimise the impact by any sudden up-rise of pest and diseases.</p> <p>Business Continuity Planning and cover perils through adequate insurance.</p>
<b>Liquidity Risk</b>	<p>The risk that the sector cannot easily meet its operational and financial obligations can result in unavailability of sufficient funds that may interrupt the smooth functioning of the day to day operations.</p>	<p>Management is closely monitoring the liquidity position of group companies and where necessary has applied for the concessions granted by lending institutions for the businesses affected by Covid-19.</p> <p>Manage such an exposure through effective working capital management</p> <p>Maintain sufficient credit facilities</p> <p>Develop policies and procedures to plan liquidity based on medium term plans.</p> <p>Where applicable some of the group companies have applied for moratorium facilities on existing borrowing offered by banks as per the guidelines of Central Bank of Sri Lanka.</p> <p><b>Investment sector</b></p> <ul style="list-style-type: none"> <li>Investing in companies with a reasonable free float and where securities are heavily traded. Also by limiting the portfolio's buy list to highly traded blue chips, the risk of illiquidity can be mitigated. Good research will enable the fund team to identify changes in fundamentals and be proactive in investment decision making.</li> </ul>

## Risk Management

Risk	Impact	Risk Responses and Strategies
<b>Financial Leverage and Cash Flow Risk</b>	Oil Palm Plantation segment is impacted by the 25-30 year investment cycle and its inherently high financial leverage due to price and volume volatility. GAHL require to generate continuous strong free cash flow and repay debt from its operational cash inflows.	<p>Manage bank funding facilities and service the borrowings, while maintaining adequate liquidity.</p> <p>Implement cost control measures targeting overhead reductions and capex prioritization.</p>
<b>Credit Risk</b>	Each sector is exposed to credit risk primarily from its trade receivables, which arise from its operating activities and its deposits with Banking Institutions.	<p>With the slowdown of economic activities, recovery of dues of some of the sectors have shown some challenges.</p> <p>Individual companies exercise some of the following controls to mitigate this risk.</p> <ul style="list-style-type: none"> <li>• Implementation of credit policies</li> <li>• Continuous and regular evaluation of creditworthiness of customers</li> <li>• Ongoing monitoring of receivable balances.</li> <li>• Covering credit exposure through a combination of bank guarantees &amp; discounting of credit to banks with no recourse to the company.</li> </ul>
<b>Interest Rate Risk</b>	<p>The interest rates on most of our loans and borrowings are currently on a floating basis. As such, our financial performance may be affected by changes in prevailing interest rates in the financial market.</p> <p>With the global spread of Covid-19, Central bank of Sri Lanka initiated some policy changes to revive the economy and encourage banks and financial institutions to reduce interest rates.</p>	<p>Financial strength of the Carson Cumberbatch PLC is used via group treasury in negotiating the rates.</p> <p>Plantation sector will pursue derivative mechanisms such as interest swaps, where necessary.</p> <p>As at the reporting dates both financial assets and financial liabilities of the group consist of variable as well as fixed rate instruments.</p> <p>Appropriate capitalization of business together with the right balance between long &amp; short term bank facilities plus obtaining a combination of loans linked to AWDR/SLIBOR &amp; AWPLR</p>
<b>Systems and Process Risks</b>	<p>The risk of direct or indirect losses due to inadequate or failed internal processes and systems.</p> <p>Information technology is a vital component of the operations of the group.</p>	<p>Enhanced IT systems via secured VPN with no disruptions, virus upgrades, backups and Disaster Recovery sites monitoring.</p> <p>Maintain detail procedure manuals and provide training and guidelines for new recruits.</p> <p>The internal audit function of the Group carryout regular review on internal control systems and processes and recommends process improvements if shortcomings are noted.</p>

Risk	Impact	Risk Responses and Strategies
<b>Legal and Regulatory Compliance Risk</b>	Failure to comply with regulatory and legal framework applicable to the Group.	<p>The management together with the Carsons group legal division proactively identifies and set up appropriate systems and processes for legal and regulatory compliance in respect of Sector operations.</p> <p>Arranging training programs and circulate updates for key employees on new/ revised laws &amp; regulations on need basis.</p> <p>Providing comments on draft laws to government and regulatory authorities.</p> <p>Obtaining comments and interpretations from external legal consultants on areas that require clarity.</p> <p>Obtaining compliance certificates from management on quarterly basis on compliance with relevant laws and regulations.</p> <p>In order to minimise the spread of Covid-19 The Government and Health Authorities have issued guidelines and rules to conduct business activities. The Group has implemented all possible measures to ensure the safety of the staff and customers, adhering to the above guidelines and rules.</p>
<b>Reputational Risk</b>	As a Group which carries out business activities in different sectors, it is vital to safeguard the good name and reputation of the businesses.	<p>Employees are communicated the right values from the inception both by formal communication and by example. Our screening process at interviews, attempts to select people of the right calibre, while training them for higher responsibility is ongoing.</p> <p>The extensive compliance process also ensures that the Group does not take the risk of process failure that will lead to reputation risk.</p> <p>Maintaining good relationships with all stakeholders further helps manage any crisis situations that can damage reputation.</p>

Risks arising from unforeseen events such as natural disasters, riot & civil commotions are covered by obtaining appropriate insurance covers.

# Information to Shareholders & Investors

## 1 STOCK EXCHANGE LISTING

Carson Cumberbatch PLC is a Public Quoted Company, the ordinary shares of which are listed on the main board of the Colombo Stock Exchange of Sri Lanka (CSE). The CSE Code for Carson Cumberbatch PLC shares is "CARS"

## 2 MARKET CAPITALISATION AND MARKET PRICE

Market Capitalisation of the Company's share, which is the number of ordinary share in issue multiplied by the market value of a share, was Rs. 54,694 Mn as at 31st March 2021. (Rs. 30,440 Mn as at 31st March 2020)

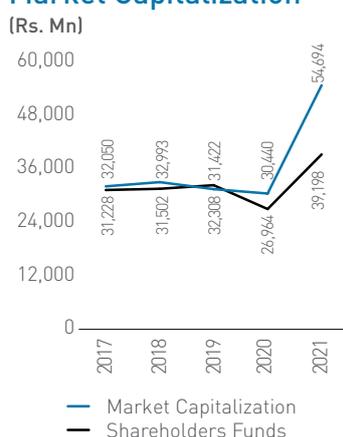
The Information on Market prices are set out below :

For the year ended 31st March	2021	Q4	Q3	Q2	Q1	2020
<b>Share Information</b>						
Highest price (Rs.)	450	450	334	380	179	224
Lowest price (Rs.)	137	254	200	150	137	150
As at periods end (Rs.)	279	279	279	314	160	155
<b>Trading Statistics</b>						
No of transactions	3,305	1,214	1,163	861	67	663
No of shares traded	558,701	235,419	166,228	151,981	5,073	245,910
Value of all shares Traded (Rs. Mn)	152	73	45	34	1	43
Market Capitalization (Rs. Mn)	54,694	54,694	54,753	61,626	31,422	30,440
Enterprise Value (Rs. Mn)	157,329	157,329	155,759	160,636	130,222	125,536

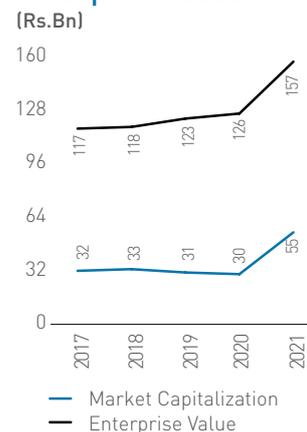
### Share Trading



### Shareholders Funds and Market Capitalization



### Market Capitalization and enterprise value



## 3 SHAREHOLDER BASE

The total number of ordinary shareholders as at 31st March 2021 was 2,044 compared to the 1,997 as at 31st March 2020.

#### 4 DISTRIBUTION AND COMPOSITION OF SHAREHOLDERS

Distribution of Shares		Residents			Non-Residents			Total		
		No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1	1,000	1,589	240,321	0.12	16	6,967	0.01	1,605	247,288	0.13
1,001	10,000	278	962,890	0.49	16	67,957	0.03	294	1,030,847	0.52
10,001	100,000	92	2,568,436	1.31	17	643,866	0.33	109	3,212,302	1.64
100,001	1,000,000	15	4,843,799	2.47	7	2,526,044	1.29	22	7,369,843	3.75
Above	1,000,000	8	142,508,610	72.57	6	42,018,024	21.40	14	184,526,634	93.96
Total		1,982	151,124,056	76.95	62	45,262,858	23.05	2,044	196,386,914	100

#### 5 COMPOSITION OF SHAREHOLDERS

Ordinary Shares	31st March, 2021			31st March, 2020		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	1,909	20,484,107	10.43	1,865	20,401,128	10.39
Institutions	135	175,902,807	89.57	132	175,985,786	89.61
Total	2,044	196,386,914	100	1,997	196,386,914	100
Residents	1,982	151,124,056	76.95	1,935	151,052,016	76.92
Non Residents	62	45,262,858	23.05	62	45,334,898	23.08
Total	2,044	196,386,914	100	1,997	196,386,914	100

#### 6 PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.13.1.a. of the Listing Rules of the Colombo Stock Exchange, under Option 4, i.e. Float-adjusted Market Capitalization of Rs.2.5Billion with 500 Public Shareholders and a Public Holding percentage of 10%.

The Company's Public Holding as at 31st March 2021

- Market Capitalization of the public holding - Rs.7.88 Bn
- Percentage of ordinary shares held by the public - 14.41% (2020 - 14.41%)
- The number of public shareholders - 2,030

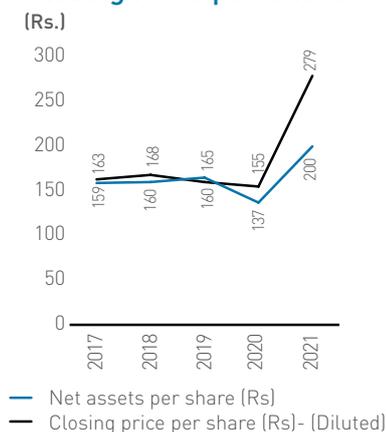
#### 7 INFORMATION ON RATIOS

For the year ended 31st March	2021	2020
EPS (Rs.) - Group	24.55	(7.78)
Dividend payout ratio (%) - Company	116	-
Price to Book (times)	1.40	1.13
Price Earnings Ratio - Group	11.35	(19.92)
Dividend Yield (%)	0.27%	0.48%
Market Value Added (Mn.)	118,131	98,571

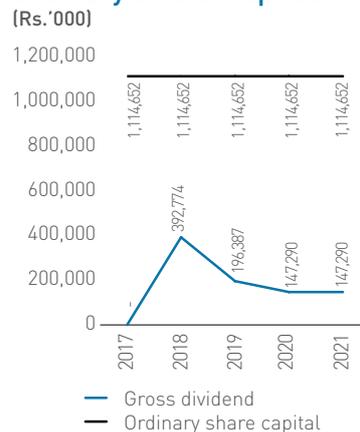
## Information to Shareholders & Investors

### 8 INFORMATION ON DIVIDENDS

#### Net Assets per Share and Closing Price per Share



#### Gross Dividend and Ordinary Share Capital



### 9 MATERIAL FORESEEABLE RISK FACTORS

(As per rule no. 7.6 (VI) of the Listing Rules of the Colombo Stock Exchange)

Information pertaining to the material foreseeable risk factors, that require disclosures as per the Rule No. 7.6 (vi) of the Listing Rules of the CSE are discussed in the Section on Risk Management on Pages 46 to 53.

### 10 MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS PERTAINING TO THE COMPANY

(As per Rule No. 7.6 (VII) of the Listing Rules of the Colombo Stock Exchange)

There were no material issues pertaining to employees and industrial relations pertaining to the company that occurred during the year under review which require disclosure.

### 11 THE DETAILS OF THE DIVIDENDS PAID ARE AS FOLLOWS

For the year ended 31st March - In Rs.'000

Ordinary Shares	2021		2020	
	Per share Rs.	Amount Rs. '000	Per share Rs.	Amount Rs. '000
Final dividend	0.75	147,290	0.75	147,290
	0.75	147,290	0.75	147,290

**12 DIVIDENDS SINCE**

Year ended 31st March	DPS (Rs.)	Dividends (Rs.'000)
2017	-	-
2018	2.00	392,774
2019	1.00	196,387
2020	0.75	147,290
<b>2021</b>	<b>0.75</b>	<b>147,290</b>

**13 ORDINARY SHARES IN ISSUE**

Year ended 31st March	Number of Shares
2017	196,386,914
2018	196,386,914
2019	196,386,914
2020	196,386,914
<b>2021</b>	<b>196,386,914</b>

**14 HISTORY OF SCRIP ISSUES**

Year ended 31st March	Issue	Basis	Number of Shares	Ex-date
2006	Bonus	5:1	5,093,550	6-Jul-05
2009	Sub-division	15:1	85,571,640	31-Jul-08
	Capitalisation	1:20	4,584,195	31-Jul-08
2011	Capitalisation/Sub-division	2:1	96,268,095	21-Dec-10
	Capitalisation	1:50	3,850,724	24-Dec-10

**15 INFORMATION ON MOVEMENT IN NUMBER OF SHARES**

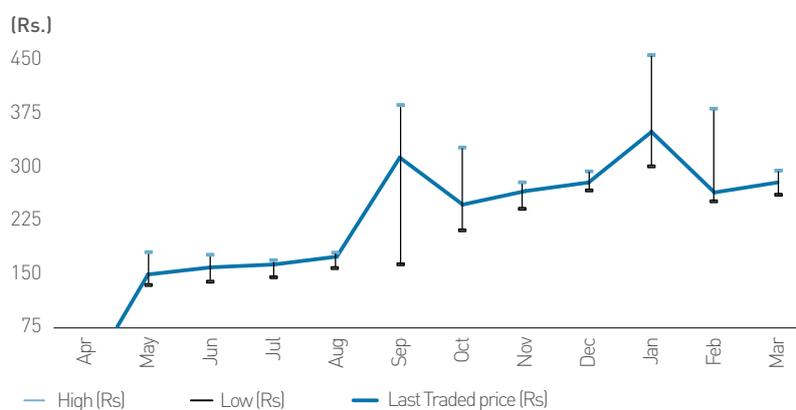
Financial Year	Issue	Basis	Number of Shares issued	No. of Shares Cumulative Ordinary
2005/06	Bonus Issue	5 for 1	5,093,550	6,112,260
2008/09	Sub-division	15 for 1	85,571,640	91,683,900
	Capitalisation	1 for 20	4,584,195	96,268,095
2010/11	Sub-division	2 for 1	96,268,095	192,536,190
	Capitalisation	1 for 50	3,850,724	196,386,914

## Information to Shareholders & Investors

### 16 SHARE PRICE TREND OVER LAST FIVE YEARS

Year ended 31st March	2017	2018	2019	2020	2021
Highest Price (Rs.)	300	240	199	224	450
Lowest Price (Rs.)	150	145	137	150	137
Last Traded Price (Rs.)	163	168	160	155	279

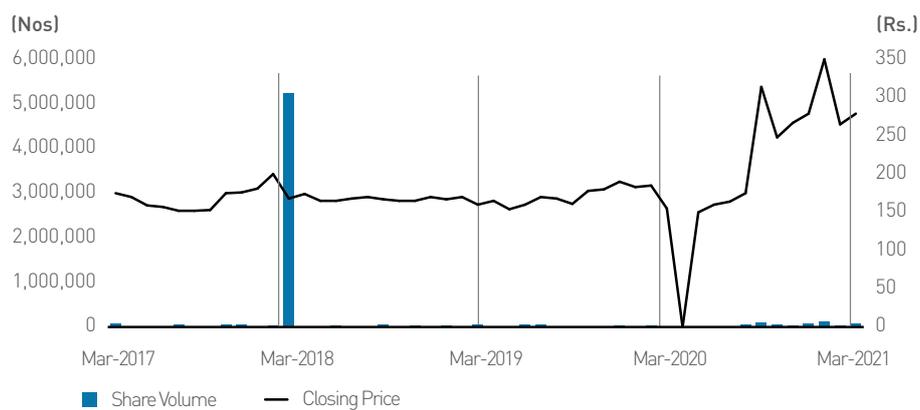
#### Share Price Trend Over Last Financial Year - 2021



## 17 INFORMATION ON SHAREHOLDERS' FUNDS AND MARKET CAPITALIZATION

As at 31st March	2017	2018	2019	2020	2021
Shareholders' Funds (Rs. Mn.)	31,228	31,502	32,308	26,964	39,198
Market Capitalization (Rs. Mn.)	32,050	32,993	31,422	30,440	54,694
Market Capitalization as % of CSE Total Mkt. Captl. (%)	1.31%	1.25%	1.26%	1.39%	1.87%

## 18 PRICE AND SHARE VOLUME CHART



## Information to Shareholders & Investors

### 19. TEN YEAR SUMMARY - GROUP

For the year ended/as at 31st March	2021	2020
<b>OPERATING RESULTS</b>		
Revenue	114,835,847	105,914,515
Profit from operations (Segment results)	16,741,927	10,308,578
Finance expenses	6,142,137	6,673,453
Profit/(loss) before taxation from continuing operations	14,303,789	(481,544)
Income tax expenses	4,498,557	2,171,159
Profit/(loss) for the year	9,710,614	(2,460,260)
Profit/(loss) attributable to the non controlling interest	4,889,763	(932,452)
Profit/(loss) attributable to the owners of the company	4,820,851	(1,527,808)
<b>CAPITAL EMPLOYED</b>		
Stated capital	1,114,652	1,114,652
Reserves	38,083,692	25,849,847
	39,198,344	26,964,499
Non - controlling interest	39,882,181	28,221,465
Short - term and long - term borrowings	82,706,751	89,260,736
	161,787,276	144,446,700
<b>ASSETS EMPLOYED</b>		
Non - current assets	137,640,150	118,109,798
Current assets	59,434,062	54,777,876
	197,074,212	172,887,674
Current liabilities - excluding borrowings	(21,370,053)	(16,487,219)
Other financial payables	(2,013,397)	(1,300,771)
Deferred liabilities	(11,903,487)	(10,652,984)
	161,787,275	144,446,700
<b>CASH FLOW STATEMENTS</b>		
Net cash inflows from operating activities	16,105,913	5,315,946
Net cash generated from/(used in) investing activities	(6,831,015)	(7,959,375)
Net cash generated from/(used in) financing activities	(2,334,653)	375,453
Net (decrease)/increase in cash & cash equivalents	6,940,245	(2,267,976)
<b>OPERATIONAL RATIOS</b>		
Return on ordinary shareholders' funds (%)	12.30	(5.67)
Equity to total assets (%)	40.13	31.92
Revenue growth (%)	8.42	9.03
Asset growth (%)	13.99	4.36
Revenue to capital employed (times)	0.71	0.73
No. of employees	13,492	14,014
Revenue per employee	8,511	7,558
<b>DEBT &amp; GEARING RATIOS</b>		
Interest cover (times)	2.73	1.54
Total debts	82,706,751	89,260,736
Net debts	62,753,092	66,874,488
Debt equity ratio (%)	104.59	161.75
Gearing ratio (%)	51.12	61.79
Debt/total assets (%)	41.97	51.63
Current ratio (times)	1.21	1.05
<b>INVESTOR RATIOS</b>		
Dividend cover (times)	32.73	(10.37)
Dividends per share (Rs.)	0.75	0.75
Market value per share (Rs.)	279	155
Market capitalization (Rs. Mn)	54,694	30,440
Earnings/(loss) per share (Rs.)	24.55	(7.78)
Price earnings ratio (times)	11.35	(19.92)
Net assets per ordinary share (Rs.)	199.60	137.30

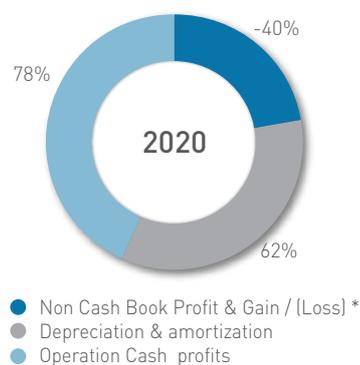
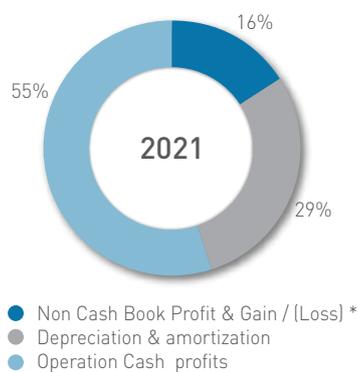
	2019	2018	2017	2016	2015	2014	2013	2012
	97,139,538	79,181,390	64,512,872	76,470,465	88,625,807	76,540,926	76,162,126	66,079,268
	13,295,569	10,075,229	5,222,920	8,615,720	13,540,127	13,220,868	15,149,220	14,184,433
	4,892,419	4,496,028	4,423,660	2,617,581	2,476,181	2,073,516	1,496,146	2,335,777
	5,060,992	7,387,888	139,094	3,610,229	8,375,195	11,136,235	13,637,001	16,937,125
	3,992,562	3,653,111	1,600,320	1,622,822	2,545,401	3,257,220	3,981,725	4,307,795
	908,265	3,835,184	2,939,314	1,626,695	5,981,894	7,879,015	9,655,276	12,629,330
	814,313	2,068,167	1,644,769	800,804	2,896,301	4,167,120	5,061,334	5,627,102
	93,952	1,767,017	1,294,545	825,891	3,085,593	3,799,471	4,593,942	7,002,228
	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652
	31,193,768	30,387,273	30,113,024	29,945,232	35,676,040	43,077,998	45,437,613	30,627,531
	32,308,420	31,501,925	31,227,676	31,059,884	36,790,692	44,192,650	46,552,265	31,742,183
	31,585,445	29,148,484	28,225,711	27,230,412	29,469,854	38,939,136	40,070,069	30,851,607
	75,215,984	69,438,172	72,460,014	75,797,441	75,980,241	64,292,897	52,234,376	37,664,912
	139,109,849	130,088,580	131,913,401	134,087,737	142,240,787	147,424,683	138,856,710	100,258,702
	119,429,300	122,040,152	120,046,963	130,083,631	130,894,948	138,985,093	132,463,346	95,532,196
	46,238,017	37,970,193	36,363,828	30,612,691	30,993,726	35,618,440	26,556,439	22,999,510
	165,667,317	160,010,345	156,410,791	160,696,322	161,888,674	174,603,533	159,019,785	118,531,706
	(14,891,115)	(20,108,822)	(17,466,786)	(19,294,743)	(13,516,259)	(16,765,430)	(10,769,171)	(11,228,917)
	(87,368)	(87,695)	(77,607)	(63,559)	(55,818)	(50,492)	(28,077)	(25,492)
	(11,578,985)	(9,725,248)	(6,952,997)	(7,250,283)	(6,075,810)	(10,362,928)	(9,365,827)	(7,018,595)
	139,109,849	130,088,580	131,913,401	134,087,737	142,240,787	147,424,683	138,856,710	100,258,702
	7,334,846	9,160,094	2,140,797	12,613,686	5,053,389	13,584,976	4,667,377	12,629,005
	(5,123,036)	(6,599,663)	11,548,755	(8,848,557)	(21,876,166)	(15,187,257)	(19,256,701)	(17,586,408)
	(5,166,862)	4,553,882	(10,899,879)	(6,146,488)	9,897,091	12,805,689	2,331,876	(3,981,001)
	(2,955,052)	7,114,313	2,789,673	(2,381,359)	(6,925,686)	11,203,408	(12,257,448)	(8,938,404)
	0.29	5.61	4.15	2.66	8.39	8.60	9.87	22.06
	38.57	37.90	38.01	36.27	40.93	47.61	54.47	52.81
	22.68	22.74	(15.64)	(13.72)	15.79	0.50	15.26	90.82
	3.54	2.30	(2.67)	(0.74)	(7.28)	9.80	34.16	49.12
	0.70	0.61	0.49	0.57	0.62	0.52	0.55	0.66
	13,975	11,935	12,583	15,136	15,954	15,580	15,097	14,453
	6,951	6,634	5,127	5,052	5,555	4,913	5,045	4,572
	2.72	2.24	1.18	3.29	5.47	6.38	10.13	6.07
	75,215,984	69,438,172	72,460,014	75,797,441	75,980,241	64,292,897	52,234,376	37,664,912
	60,418,200	56,095,978	57,077,439	68,180,571	66,956,985	47,753,595	44,369,967	28,893,154
	117.72	114.49	121.88	130.03	114.67	77.34	60.30	60.17
	54.07	53.38	54.93	56.53	53.42	43.61	37.62	37.57
	45.40	43.40	46.33	47.17	46.93	36.82	32.85	31.78
	0.98	0.81	0.67	0.63	0.81	0.84	0.75	1.00
	0.48	4.50	-	2.81	5.24	9.68	11.70	14.26
	1.00	2.00	-	1.50	3.00	2.00	2.00	2.00
	160	168	163	270	366.40	365.00	440	465
	31,422	32,993	32,050	53,083	71,956	71,681	86,410	91,320
	0.48	9.00	6.59	4.21	15.71	19.35	23.39	28.51
	334.45	18.67	24.76	64.20	23.32	18.86	18.81	16.31
	164.51	160.41	159.01	158.16	187.34	225.03	237.03	161.63

## Information to Shareholders & Investors

(Amounts expressed in Sri Lankan Rs. '000)

### 16 GROUP QUARTERLY RESULTS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2021
<b>INCOME STATEMENT</b>					
Revenue	19,115,112	29,460,061	32,678,945	33,581,729	114,835,847
Profit before tax from continuing operations	2,384,361	3,629,156	5,336,768	2,953,504	14,303,789
Net Profit after tax	2,135,302	2,265,293	4,049,224	1,260,795	9,710,614
Earnings per share	5.56	5.31	10.33	3.35	24.55
<b>CASH FLOW</b>					
Operating cash flows before working capital changes	3,730,298	10,326,818	19,098,497	26,446,791	26,446,791
Capital expenditure	1,177,220	1,852,858	3,824,665	9,193,688	9,193,688
Working capital changes	1,317,182	(742,225)	(3,109,015)	(1,524,994)	(1,524,994)
Cash flow from investing activities	(1,129,631)	(1,514,425)	(3,097,841)	(6,831,015)	(6,831,015)
Cash flow from financing activities	668,525	1,076,845	370,017	(2,334,653)	(2,334,653)
<b>BALANCE SHEET</b>					
Shareholders' funds	32,237,514	36,949,896	38,436,493	39,198,344	39,198,344
Non controlling interest	34,486,824	36,358,812	39,124,582	39,882,181	39,882,181
Total assets	183,731,633	184,738,096	190,098,572	197,074,212	197,074,212
Total liabilities	117,007,295	111,429,388	112,537,497	117,993,687	117,993,687
Intangible assets	10,497,863	10,114,086	10,420,195	10,160,941	10,160,941
Cash and cash equivalents	22,850,687	19,456,764	19,058,162	19,165,722	19,165,722
Loans and borrowings	87,164,063	82,107,573	79,879,813	82,706,751	82,706,751
Net gearing - %	49.08	46.08	43.95	44.55	44.55
Net assets value per share (Rs.)	164.15	188.15	195.72	199.60	199.60
Net tangible assets per share (Rs.)	110.70	136.65	142.66	147.86	147.86



# FINANCIAL INFORMATION

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78	Report of the Related Party Transactions Review Committee	92	Statement of Financial Position
80	Audit Committee Report	94	Statement of Changes in Equity
		97	Statement of Cash Flow
		99	Notes to the Financial Statements

## Financial Calendar

Financial Year end	-	31st March 2021
Announcement of results		
1st Quarter ended 30th June 2020	-	14th August 2020
2nd Quarter ended 30th September 2020	-	20th November 2020
3rd Quarter ended 31st December 2020	-	14th February 2021
4th Quarter ended 31st March 2021	-	31st May 2021
1st Interim Dividend FY 2020/21	-	10th December 2020
Notice of Annual General Meeting	-	4th August 2021
108th Annual General Meeting	-	26th August 2021

# Annual Report of the Board of Directors on the affairs of the Company

The Board of Directors of Carson Cumberbatch PLC ("the Company") have pleasure in presenting to the Shareholders their Report, together with the Audited Financial Statements for the year ended 31st March 2021.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and are guided by recommended best Accounting Practices.

The Annual Report was approved by the Board of Directors on 19th July 2021.

## GENERAL

Carson Cumberbatch PLC is a public limited liability Company incorporated in Sri Lanka in 1913. The shares of the Company have a primary listing on the Colombo Stock Exchange.

## PRINCIPAL ACTIVITY OF THE COMPANY

The principal activities of the Company consist of investing in Oil Palm Plantation, Oils & Fats, Beverage, Portfolio and Asset Management, Real Estate, Leisure and Management Services sectors.

The principal activities of the subsidiaries and joint venture are set out in the Business Review section of this Annual Report.

There have been no significant changes in the nature of the activities of the Company during the financial year under review.

## BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Chairman's Statement on pages 4 to 6 and Business Review on pages 14 to 19 provides an overall assessment of the business performance of the Company and its future developments.

These reports together with the audited financial statements reflect the state of affairs of the Company.

## FINANCIAL STATEMENTS

The financial statements which comprise of the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flow, Statement of Changes in Equity and Notes to the financial statements of the Company for the year ended 31st March 2021 are set out on pages 89 to 207. These financial statements comply with the requirements of Section 151 of the Companies Act No. 07 of 2007.

The aforementioned Financial Statements for the year ended 31st March 2021, duly signed by the Director, Carsons Management Services (Private) Limited, the Secretariat together with two Directors of the Company, are given on page 75 which form an integral part of this Annual Report of the Board of Directors.

## SIGNIFICANT ACCOUNTING POLICIES

Details of accounting policies have been discussed in Note 5 of the financial statements. There have been no significant changes in the accounting policies adopted by the Group during the year under review. Those are mentioned in the Note 5. For all periods up to and including the year ended 31 March 2021, the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## REVENUE

Revenue generated by the Company amounted to Rs. 469.7 Mn (2020 - Rs. 192.6 Mn), whilst group revenue amounted to Rs. 114,835 Mn (2020 - Rs. 105,914 Mn). Contribution to group revenue from the different business segments is provided in Note 8 to the financial statements.

## RESULTS AND APPROPRIATIONS

The profit after tax of the holding Company was Rs. 126.6 Mn (2020 - loss of Rs. 93.2 Mn) whilst the Group profit/ (loss) attributable to equity holders of the parent for the year was Rs. 4,820.8 Mn (2020 - Rs. (1,527.8 Mn)). Results of the Company and of the Group are given in the income statement.

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Results from operating activities	16,132,585	9,568,263	386,486	113,252
Foreign exchange losses	1,855,241	(1,896,358)	(25,845)	(1,636)
Net finance cost	(6,142,137)	(6,673,453)	(242,755)	(193,510)
Share of profit/(loss) of equity accounted investee, (net of tax)	(18,776)	11,351	-	-
Change in fair value of biological assets	531,357	158,646	-	-
Change in fair value of investment properties	61,318	151,434	-	-
Changes in fair value of financial assets held for trading	1,884,201	(1,801,427)	13,337	(4,916)
Profit/(loss) before tax accruing to the company and subsidiaries	14,303,789	(481,544)	131,223	(86,810)
Income tax expenses	(4,498,557)	(2,171,159)	(4,590)	(6,416)
Profit/(loss) from continuing operations	9,805,232	(2,652,703)	126,633	(93,226)
Profit/(loss) from discontinued operations, (net of tax)	(94,618)	192,443	-	-
Profit/(loss) for the year	9,710,614	(2,460,260)	126,633	(93,226)
Profit/(Loss) attributable to non controlling interest	(4,889,763)	932,452	-	-
Profit/(loss) attributable to owners of the company	4,820,851	(1,527,808)	126,633	(93,226)
Other adjustments	(112,804)	540,284	4,532	-
Balance brought forward from the previous year	27,053,835	28,188,649	7,303,319	7,543,835
Amount available for appropriation	31,761,883	27,201,125	7,434,484	7,450,609
Dividend				
Ordinary Share dividend				
Final dividend	(147,290)	(147,290)	(147,290)	(147,290)
Balance to be carried forward to next year	31,614,593	27,053,835	7,287,194	7,303,319

## RESERVES

A summary of the Group's reserves is given below:

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Capital Reserve	3,135,934	2,746,892	287,552	287,552
Revenue Reserve	34,947,758	23,102,955	11,279,531	10,080,749
Total	38,083,692	25,849,847	11,567,083	10,368,301

The movements are shown in the Statements of Changes in Equity given on pages 94 to 96 of the Annual Report.

## Annual Report of the Board of Directors on the affairs of the Company

### CAPITAL EXPENDITURE

Details of the Group capital expenditure undertaken during the year by each sector are:

For the year ended 31st March	2021	2020
<b>Portfolio and Asset Management</b>		
Property, plant & equipment	1,384	563
<b>Oil Palm Plantations</b>		
Property, plant & equipment	7,546,051	4,559,532
Bearer Plants	154,251	329,780
Intangible assets/prepaid lease payment for land	30,136	604,777
<b>Oils &amp; Fats</b>		
Property, plant & equipment	190,096	157,576
Intangible assets	629	1,078
<b>Beverage</b>		
Property, plant & equipment	1,210,596	1,971,482
Intangible assets	27,197	5,747
<b>Real Estate</b>		
Property, plant & equipment	647	2,345
Investments Properties	21,181	35,276
<b>Leisure</b>		
Property, plant & equipment	6,514	79,963
Intangible assets	-	1,680
<b>Management Services</b>		
Property, plant & equipment	5,006	60,304
	<b>9,193,688</b>	<b>7,810,103</b>

### VALUE OF THE INVESTMENT PORTFOLIO

The market value/valuation of the Group's investment portfolio as at 31st March, 2021 was Rs. 9,975 Mn. (2020 - Rs. 8,443 Mn)

### VALUE OF THE INVESTMENT PROPERTIES

Investment properties of business units, when significantly occupied by Group companies, are classified as property, plant and equipment in the consolidated financial statements in compliance with LKAS 40.

All properties classified as investment property were valued in accordance with the requirements of LKAS 40. The Group revalued all its investment properties as at 31 March 2021. The carrying value of investment property of the Group is Rs. 4,479.4 Mn (2020 - Rs. 4,396.9 Mn).

Details of the revaluation of property, plant and equipment and investment property are provided in notes 19 and 22 to the financial statements.

Details of Group properties as at 31 March 2021 are disclosed in the Group Real Estate Portfolio section of the Annual Report.

### MARKET VALUE OF FREEHOLD PROPERTIES

Certain freehold properties (land and buildings) of the Group have been revalued based on the independent professional valuation and written-up in the books of account to conform to market value of such properties. Details of such revaluation are given in Note 19 to the financial statements.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of the Financial Statements of the Group and the Company which reflect a true and fair view of the state of its affairs. The Directors are of the view that the Statement of Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow and notes thereto appearing on pages 89 to 207 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act, No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and amendments thereto and Listing Rules of the Colombo Stock Exchange. The "Statement of Directors' Responsibility" for the Financial Reporting is given on pages 76 to 77 which forms an integral part of this Report.

## INTERESTS REGISTER

The Company maintains the Interests Register conforming to the provisions of the Companies Act, No.07 of 2007. All Directors have made declarations as provided for in Section 192(2) of the Companies Act, aforesaid.

The relevant details as required by the Companies Act, No. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act, No. 07 of 2007.

## DIRECTORS' BENEFITS

The Directors' remuneration of the Company for the financial year ended 31st March 2021 are given in Note 14(d) and Note 47 to the Financial Statements as per the requirements of Section 168 (1) (f) of the Companies Act, No. 07 of 2007.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object of enabling Directors of the Company to acquire benefit by means of the acquisition of shares of the Company

## DIRECTORS' INTEREST IN SHARES AS AT THE REPORTING DATE

The following table discloses the Directors' interest in shares of the Company

Directors	No of Ordinary Shares as at	
	31.03.2021	31.03.2020
Mr. T. de Zoysa (Chairman)	-	-
Mr. H. Selvanathan (Deputy Chairman)	76,852	76,852
Mr. M. Selvanathan	1,805,146	1,805,146
Mr. D. C. R. Gunawardena	-	-
Mr. S. K. Shah	-	-
Mr. V. P. Malalasekera (Resigned w.e.f 31/12/2020)	-	-
Mr. F. Mohideen (Resigned w.e.f 31/12/2020)	-	-
Mr. R. Theagarajah	-	-
Mr. W. M. R. S. Dias	-	-
Mr. A. S. Amaratunga	1,156	1,156
Ms. Sharada Selvanathan	-	-
Mr. M. M. Murugappan (Appointed w.e.f 1/1/2021)	-	-
Mr. Y.H.Ong (Appointed w.e.f 1/1/2021)	-	-
Messrs. M. Selvanathan & H. Selvanathan	449,820	449,820
<b>Alternate Directors</b>		
Mr. Krishna Selvanathan (for Mr. M. Selvanathan)	-	-
Mr. Sudarshan Selvanathan (for Mr. D. C. R. Gunawardena)	-	-

## DIRECTORS' SHAREHOLDINGS IN GROUP'S QUOTED COMPANIES

Subsidiaries	No of Ordinary Shares as at	
	31.03.2021	31.03.2020
<b>Ceylon Guardian Investment Trust PLC</b>		
Mr. D. C. R. Gunawardena	257	257
<b>Ceylon Investment PLC</b>		
Mr. D. C. R. Gunawardena	2,157	257
<b>Ceylon Beverage Holdings PLC</b>		
Mr. H. Selvanathan	690	690
Mr. M. Selvanathan	690	690
Mr. D. C. R. Gunawardena	15	15
Mr. S. K. Shah	2,632	2,632
Mr. T. de Zoysa	690	690

## Annual Report of the Board of Directors on the affairs of the Company

Subsidiaries	No of Ordinary Shares as at	
	31.03.2021	31.03.2020
<b>Lion Brewery (Ceylon) PLC</b>		
Mr. H. Selvanathan	1,579	1,579
Mr. M. Selvanathan	1,579	1,579
Mr. D. C. R. Gunawardena	34	34
Mr. S. K. Shah	6,016	6,016
<b>Shalimar (Malay) PLC</b>		
Mr. M. Selvanathan	1	1
<b>Selinsing PLC</b>		
Mr. M. Selvanathan	1	1
<b>Good Hope PLC</b>		
Mr. M. Selvanathan	1	1
<b>Indo-Malay PLC</b>		
Mr. M. Selvanathan	1	1
<b>Equity Two PLC</b>		
Mr. S. K. Shah	9,300	9,300
Mr. W. M. R. S. Dias	200	200
<b>Guardian Capital Partners PLC</b>		
Mr. H. Selvanathan	1,261	1,261
Mr. M. Selvanathan	63,409	63,409
Mr. D. C. R. Gunawardena	25	25

### DIRECTORS

The names of the Directors who served during the year are given under Corporate Information provided in the inner back cover of the Annual Report.

#### Changes in Directorate

- Mr. V. P. Malalasekera and Mr. F. Mohideen – Non-Executive/Independent Directors resigned from the Board with effect from 31st December 2020.
- Mr. M. M. Murugappan and Mr. Y. H. Ong – Non-Executive/Independent Directors were appointed to the Board with effect from 1st January 2021.
- Mr. S.K. Shah was an Executive Director of the Company till 30/6/2021. Consequent to the retirement as Chief Executive Officer/ Director of Lion Brewery (Ceylon) PLC [LION] and Ceylon Beverage Holdings PLC [BREW] and resignation from

Carsons Management Services (Pvt) Ltd [Managers of LION & BREW] w.e.f 30/6/2021, Mr. S.K.Shah was designated as a Non-Executive Director on the Board of Carson Cumberbatch PLC w.e.f 1/7/2021.

#### Directors to retire by rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. A. S. Amaratunga retires by rotation and being eligible offers himself for re-election.

#### Retirement at the first Annual General Meeting following the appointment as a Director

In terms of Article 68 of the Articles of Association of the Company, Mr. M. M. Murugappan and Mr. Y. H. Ong retire from the Board and being eligible offer themselves for re-election.

#### Reappointment of Directors who are over 70 years of age

As per the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Messrs. T de Zoysa, M. Selvanathan and H. Selvanathan who are over 70 years of age and Mr. D. C. R. Gunawardena who is 70 years of age be re-appointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to the said Directors.

#### CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange [CSE].

## BOARD OF DIRECTORS

The following Directors held office as at the reporting date and their brief profiles are given on pages 7 to 9 of the Annual Report.

### Name of the Director

	Executive	Non-Executive	Independent
Mr. T. de Zoysa (Chairman) <sup>1</sup>	-	✓	✓
Mr. H. Selvanathan (Deputy Chairman)	✓	-	-
Mr. M. Selvanathan	✓	-	-
Mr. D. C. R. Gunawardena	-	✓	-
Mr. S. K. Shah*	-	✓	-
Mr. R. Theagarajah	-	✓	✓
Mr. W. M. R. S. Dias	-	✓	✓
Mr. A. S. Amaratunga	-	✓	✓
Ms. Sharada Selvanathan	✓	-	-
Mr. M. M. Murugappan <i>(Appointed w.e.f 1/1/2021)</i>	-	✓	✓
Mr. Y.H.Ong <i>(Appointed w.e.f 1/1/2021)</i>	-	✓	✓
Mr. V. P. Malalasekera <i>(Resigned w.e.f 31/12/2020)</i>	-	✓	✓
Mr. F. Mohideen <i>(Resigned w.e.f 31/12/2020)</i>	-	✓	✓

\*Executive Director of CARS until 30/06/2021 & Non-Executive Director of CARS w.e.f. 01/07/2021

### Alternate Directors

Mr. Krishna Selvanathan  
(for Mr. M. Selvanathan)

Mr. Sudarshan Selvanathan  
(for Mr. D. C. R. Gunawardena)

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations

were tabled at a Board Meeting of the Board of Directors of the Company held on 19th July 2021, in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

Accordingly, the Board has determined that Mr. T. de Zoysa is an Independent/ Non - Executive Director in spite of being on the Board for more than 9 years, since he is not directly involved in the management of the Company

### Directors' Meeting Attendance

As permitted by Article 82 (1) (b) of the Articles of Association of the Company, the Board of Directors had 10 virtual Board Meetings by means of Microsoft Teams during the financial year.

The attendance of the Directors were as follows;

Director	Meetings attended (out of 10)
Mr. T. de Zoysa (Chairman)	9/10
Mr. H. Selvanathan (Deputy Chairman)	9/10
Mr. M. Selvanathan	10/10
Mr. D. C. R. Gunawardena	10/10
Mr. S. K. Shah	10/10
Mr. R. Theagarajah	9/10
Mr. W. M. R. S. Dias	10/10
Mr. A. S. Amaratunga	9/10
Ms. Sharada Selvanathan	10/10
Mr. M. M. Murugappan <i>(Appointed w.e.f 1/1/2021)</i>	3/10
Mr. Y.H.Ong <i>(Appointed w.e.f 1/1/2021)</i>	3/10
Mr. V. P. Malalasekera <i>(Resigned w.e.f 31/12/2020)</i>	6/10
Mr. F. Mohideen <i>(Resigned w.e.f 31/12/2020)</i>	7/10

## BOARD EVALUATION

Each Director individually appraises the Board's performance to ensure discharging its responsibilities satisfactorily. This process takes in to account and evaluates all aspects in relation to Board responsibilities.

Independent observations made by the Directors are collated and addressed by the Nomination Committee of the Company and recommended as relevant to the Board of Directors for consideration.

### BOARD SUB - COMMITTEES

The Board, while assuming the overall responsibility and accountability for the management of the Company, has also appointed Board sub- committees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance Standards of the Listing Rules of the CSE and industry best practices. Accordingly, the following Board subcommittees have been constituted by the Board.

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Related Party Transactions Review Committee

### Audit Committee

The Audit Committee of the Company comprises of the following members;

#### Audit Committee Members

	Executive	Non-Executive	Independent
Mr. A. S. Amaratunga (Chairman) – <i>(Appointed as Chairman w.e.f 1/1/2021)</i>	-	✓	✓
Mr. D. C. R. Gunawardena	-	✓	-
Mr. Y. H. Ong – <i>(Appointed as Member w.e.f 1/1/2021)</i>	-	✓	✓

## Annual Report of the Board of Directors on the affairs of the Company

The following members ceased to be members of the Audit Committee subsequent to their resignation as Non-Executive/Independent Directors of the Company w.e.f 31st December 2020.

- Mr. V. P. Malalasekera – Chairman of the Audit Committee
- Mr. F. Mohideen – Member of the Audit Committee

The Audit Committee of the Company being the Parent/ultimate Parent Company of the undermentioned listed companies, functions as the Audit Committee to these companies;

### Investment Sector

Ceylon Guardian Investment Trust PLC  
Ceylon Investment PLC  
Guardian Capital Partners PLC

### Real Estate Sector

Equity Two PLC

### Beverage Sector

Lion Brewery (Ceylon) PLC  
Ceylon Beverage Holdings PLC

### Leisure Sector

Pegasus Hotels of Ceylon PLC

### Plantation Sector

Indo - Malay PLC  
Good Hope PLC  
Selinsing PLC  
Shalimar (Malay) PLC

The Audit Committee Report is given on pages 80 to 82 of this Annual Report.

### Remuneration Committee

The Remuneration Committee of the Company comprises of the following members;

### Remuneration Committee Members

	Executive	Non- Executive	Independent
Mr. T. de Zoysa (Chairman)	-	✓	✓
Mr. D. C. R. Gunawardena	-	✓	-
Mr. R. Theagarajah	-	✓	✓
Mr. W. M. R. S. Dias	-	✓	✓

### Composition

The Remuneration Committee of the Company being the Parent/ultimate Parent Company of the undermentioned listed companies, functions as the Remuneration Committee to these companies;

### Investment Sector

Ceylon Guardian Investment Trust PLC  
Ceylon Investment PLC  
Guardian Capital Partners PLC

### Real Estate Sector

Equity Two PLC

### Beverage Sector

Lion Brewery (Ceylon) PLC  
Ceylon Beverage Holdings PLC

### Leisure Sector

Pegasus Hotels of Ceylon PLC

### Plantation Sector

Indo - Malay PLC  
Good Hope PLC  
Selinsing PLC  
Shalimar (Malay) PLC

### Scope and Objective

The primary objective of the Remuneration Committee is to lead to establish a formal and transparent procedure for the development of a remuneration policy and the establishment of a remuneration structure.

A remuneration policy has been formulated based on market and industry factors and individual performance for all group Companies.

### Functions and Proceedings

The Remuneration Committee recommends to the Board the remuneration to be paid to the Chief Executive Officer of the sector subsidiary companies, Executive Directors and Non-Executive Directors. Based on the recommendation of the remuneration committee, the respective Boards approve the remuneration to the Directors.

The Chief Executive Officer, Director-in-charge and other members of senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. Neither, Executive or Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors.

The Committee is authorised by the Board to seek appropriate professional advice internally and externally as and when it considers this necessary.

The Remuneration Committee Charter requires the Committee to meet at least twice a year. As allowed by the Remuneration Committee Charter, the Committee held three (03) virtual meetings during the period under review.

Remuneration Committee Members	Meetings attended (out of 3)
Mr. T. de Zoysa (Chairman)	3/3
Mr. D.C.R. Gunawardena	3/3
Mr. R. Theagarajah	3/3
Mr. W. M. R. S. Dias	3/3

## Reporting and Responsibilities

The Committee Chairman reports to the Board on its proceedings on all matters within its duties and responsibilities. The Committee makes recommendations to the Board as deemed appropriate on any area within its limit where action or improvements are needed.

Aggregated remuneration paid to the Non-Executive Directors of the Company are disclosed under note 14(d) on page 133 of the Annual Report. Executive Directors are not compensated for their role on the Board.

## Nomination Committee

The Nomination Committee of the Company comprises of the following members;

### Nomination Committee Members

	Executive	Non- Executive	Independent
Mr. T. de Zoysa (Chairman)	-	✓	✓
Mr. R. Theagarajah	-	✓	✓
Mr. D. C. R. Gunawardena	-	✓	
Mr. W. M. R. S. Dias	-	✓	✓

The Nomination Committee of the Company being the Parent/Ultimate Parent Company of the undermentioned listed companies, functions as the Nomination Committee to these companies;

- Equity Two PLC
- Ceylon Beverage Holdings PLC

## Scope and Objective

The primary objective of the Nomination Committee is to lead the process for Board appointments of new Directors to the Board and the nominations of members to represent the Company in group companies/investee companies.

## Functions and Proceedings

The Nomination Committee recommends new appointments to the Board. Based on the recommendation of the Nomination Committee, the Board approves the new appointments of Executive and Non-Executive Directors to the Board.

Any Director of the Board and the Chief Executive Officer/Director - in - Charge and other members of senior management may be invited to attend Meetings of the Nomination Committee. The Committee may also invite appointed external consultants to aid the Committee in the discharge of its duties.

The Committee is authorized by the Board to seek appropriate professional advice internally and externally as and when considered necessary.

The Nomination Committee Charter requires the Committee to meet at least twice a year. As allowed by the Nomination Committee Charter, the Committee held three (03) virtual meetings during the period under review.

Nomination Committee	Meetings attended (out of 3)
Mr. T. de Zoysa (Chairman)	3/3
Mr. R. Theagarajah	3/3
Mr. D. C. R. Gunawardena	3/3
Mr. W. M. R. S. Dias	3/3

## Related Party Transactions Review Committee

Related Party Transactions Review Committee of the Company comprises of the following members;

### Related Party Transactions Review Committee Members

	Executive	Non- Executive	Independent
Mr. W. M. R. S. Dias (Chairman) <i>(Appointed w.e.f 1/1/2021)</i>	-	✓	✓
Mr. R. Theagarajah <i>(Appointed w.e.f 1/1/2021)</i>	-	✓	✓
Mr. D. C. R. Gunawardena	-	✓	-
Mr. H. Selvanathan	✓	-	-
Mr. M. Selvanathan	✓	-	-
Mr. S. K. Shah	-	✓	-

The following members ceased to be members of the Related Party Transactions Review Committee subsequent to their resignation as Non-Executive/Independent Directors of the Company w.e.f 31st December 2020.

- Mr. V. P. Malalasekera – Chairman of the Related Party Transactions Review Committee
- Mr. F. Mohideen – Member of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) of the Company being the Parent/ultimate Parent Company of the undermentioned listed companies, functions as the RPTRC to these companies;

## Investment Sector

Ceylon Guardian Investment Trust PLC  
Ceylon Investment PLC  
Guardian Capital Partners PLC

## Real Estate Sector

Equity Two PLC

## Annual Report of the Board of Directors on the affairs of the Company

### Beverage Sector

Lion Brewery (Ceylon) PLC  
Ceylon Beverage Holdings PLC

### Leisure Sector

Pegasus Hotels of Ceylon PLC

### Plantation Sector

Indo - Malay PLC  
Good Hope PLC  
Selinsing PLC  
Shalimar (Malay) PLC

The Related Party Transactions Review Committee Report is given on pages 78 to 79 of this Annual Report.

### Declaration

The Directors have made self-declarations for the purpose of identifying parties related to them. The said declarations were noted at the Related Party Transactions Review Committee Meetings.

The Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions, during the financial year.

Related Party Transactions Exceeding 10% of the Equity or 5% of the Total Assets of the Company

The Directors declare in terms of the requirements of the Listing Rules of the Colombo Stock Exchange that the transactions carried out by the Company with its Related Parties during the year ended 31st March 2021, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2021.

The details of the Related Party Transactions are given in Note 47 on page 205 to 206 of the Financial Statements.

### Non-Recurrent Related Party Transactions

There were no Non-Recurrent Related Party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per audited Financial Statements of 31st March 2021, which required additional disclosures in the Annual Report of 2017/18 under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

### Recurrent Related Party Transactions

All the Recurrent Related Party transactions which in aggregate value exceeded 10% of the revenue of the Company as per 31st March 2021 audited Financial Statements are disclosed under Note 47 to the Financial Statements, as required by Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

### INTERNAL CONTROL AND RISK MANAGEMENT

The ultimate responsibility to establish, monitor and review a company-wide internal control system rests with the Board of Directors. The intensity, depth and the tolerance limits for each components of the internal control system would be based on the weight of the elements of risk imposed on the sustenance of the business by the respective area of operation. Whilst a strong internal control system would mitigate the crystallization of risk elements to a greater extent, employment of external support structures would also be necessary based on the risk assessments made thereon.

Effective maintenance of internal controls and risk indication and mitigation is handed down to the respective members of senior management within the guidelines of benchmark policies, procedures and authority limits clearly laid down.

Group internal Audit, whose scope of scrutiny is entirely driven by grading of the risk involved, will be monitoring and providing feedback to the Management and the Audit Committee. Regular submission of compliance and internal solvency certificates vouched by the Heads of the respective divisions as a mandatory agenda item keeps the Directors abreast of the position of the Company's resource base and governance requirements.

This allows the Board to have total control of the fulfillment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. A comprehensive description of the risk management strategies of the Company are given on pages 46 to 53 in the Annual Report.

### INDEPENDENT AUDITORS

#### Company

Company's Auditors during the year under review was Messrs KPMG, Chartered Accountants.

A sum of Rs. 1,312,500/- was paid to them by the Company as audit fees for the year ended 31st March 2021 (2020 - Rs. 1,312,500/-) in addition they were paid Rs. 100,000/- (2020 - Rs. 70,000/-) by the Company as fees for audit related services.

The retiring Auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Independent Auditors of the Company and authorizing the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and their relationship with the Company, including the level of audit and non-audit fees paid to the Auditors.

### Group

The group works with firms of Chartered Accountants in Sri Lanka and abroad, namely, KPMG and Ernst & Young. Details of audit fees are set out in Note 14(b) of the financial statements.

Auditors' relationship or any interest with the Company

The Directors are satisfied that, based on written representations made by the Independent Auditors to the Board, the Auditors do not have any interest with the Company that would impair their independence.

Further details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report.

### Independent Auditor's Report

The independent Auditor's Report on the Financial Statements is given on pages 83 to 88 of this Annual Report.

### DIVIDEND

A First Interim dividend of 75 Cents per Ordinary Share for the year ended 31st March 2021 was declared by the Board on 10th December 2020. As per Listing Rule 7.1.d of the Colombo Stock Exchange, the said dividend distribution was made on 23rd December 2020 to the shareholders who provided their bank account number(s) to the CDS or the Company. Shareholders who had not provided any bank account details to the CDS or the Company were paid on 12th January 2021.

The Board of Directors have not recommended a final Dividend for the year ended 31st March 2021.

### SOLVENCY TEST

Taking into account the First Interim distribution, the Directors were satisfied that the Company met the Solvency Test requirement under Section 56(2) of the Companies Act, No. 07 of 2007 immediately after the distribution.

The Company's Auditors, KPMG, Chartered Accountants issued a Certificate of Solvency confirming same.

### STATED CAPITAL

The Stated Capital of the Company as at 31st March 2021 was Rs.1,114,651,929/- consisting of 196,386,914 Ordinary shares. There was no change in the Stated Capital of the Company during the year.

### STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments have been paid up to date or have been provided for in these financial statements.

### OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company lawyers, litigations currently pending against the Company will not have material impact on the reported financial results of future operations of the Company. Details of litigations pending against the Company and the Group are given in Notes 39 (d) and 45(ii) respectively.

### GOING CONCERN

The Board of Directors is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, these financial statements are prepared based on the 'Going Concern' concept.

### SIGNIFICANT EVENTS DURING THE YEAR

#### Share Sales and Purchase Agreement for disposal of majority holding in Guardian Capital Partners PLC by Ceylon Guardian Investment Trust PLC

Ceylon Guardian Investment Trust PLC ("CGIT") and Guardian Capital Partners PLC ("GCP") entered into a Share Sale and Purchase Agreement ("SSPA") with Gazelle Asset Management Pte Ltd ("GAZELLE"), a company incorporated in Singapore, for the sale of 21,692,800 ordinary shares being 83.97% stake of GCP held by CGIT to GAZELLE. Purchase consideration per share will be determined based on the net asset value per share of GCP as at a date mutually agreed by the parties prior to the transaction, plus a premium of Rs. 40 Mn.

The transaction is yet to be completed as at the date of signing these Financial Statements and have taken a longer period than anticipated at the time of signing the SSPA.

#### Change in nature of Business of Guardian Capital Partners PLC (GCP)

GCP obtained its shareholders' approval by special resolution at the Extraordinary General Meeting held on 7th January 2021 for substantial alteration in the nature of the business carried on by GCP, consequent to the disposal of the totality of private equity investments held by GCP, in terms of Section 185(2) (d) of the Companies Act, No. 07 of 2007 and Article 87(1)(vi) of the Articles of Association of GCP.

## Annual Report of the Board of Directors on the affairs of the Company

### Voluntary liquidation of The Sri Lanka Fund

The Sri Lanka Fund, a company incorporated in the Cayman Islands was liquidated and the Cayman Islands Monetary Authority had confirmed via termination letter dated 5th May 2021 that the Certificate of Registration of The Sri Lanka Fund has been cancelled.

### CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The contingent liabilities and commitments made on account of capital expenditure as at 31st March 2021 are given in note 45 to the financial statements.

### RESEARCH AND DEVELOPMENT

The Group has an active approach to research and development and recognises the contribution that it can make to the Group's operations. Significant expenditure has taken place over the years and substantial efforts will continue to be made to introduce new products and processes and develop existing products and processes to improve operational efficiency.

### CORPORATE SOCIAL RESPONSIBILITIES

Carson Cumberbatch PLC and its subsidiaries have engaged in a variety of CSR initiatives on the fundamental premise of supporting sustainable and holistic socioeconomic development of the country, and also in the region where its business interests lie. The detailed report consisting of completed and ongoing initiatives are included in the sustainability section of the Annual Report.

### HUMAN RESOURCE

The Group continued to invest in Human Capital Development and implementing effective Human Resource practices and policies to develop and build an efficient and effective workforce aligned around new business priorities and to ensure that its employees are developing the

skills and knowledge required for the future success of the Group.

The number of persons employed by the Group as at 31st March 2021 was 13,492 (31st March 2020 - 14,014). The Company had no employees as at 31st March 2021 (2020 - Nil).

### DONATIONS

The Group made Rs. 15.5 Mn donations during the year under review (2020 - Rs. Nil).

### EQUITABLE TREATMENT TO SHAREHOLDERS

The Company endeavours at all times to ensure equitable treatment to all Shareholders.

### ENVIRONMENT PROTECTION

The Company is sensitive to the needs of the environment and makes every endeavor to comply with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the Management, the Directors are satisfied that the Company operates in a manner that minimizes the detrimental effects on the environment and provides services that have a beneficial effect on the customers and the communities within which the Company operates.

### OUR APPROACH TO REGULATORY COMPLIANCE AND ANTI-CORRUPTION

Across our group's businesses, we strongly uphold a culture of ethics, integrity and professionalism, and strictly disallow any actions relating to corruption, bribery or other transactions associated with improper corporate or individual benefits. As a respected corporate citizen with strong commitment to our values, we always ensure full compliance with laws and regulations across all our business geographies through the establishment of required systems and procedures. In addition, newly appointed Board

members of the Group are well-briefed on our detailed compliance systems and procedures. Most importantly, the management teams and employees across all our business units are thoroughly educated on the group's detailed and rigorous approach to compliance and ethical conduct while appropriate reporting and monitoring mechanisms are simultaneously instilled to ensure both internal and external compliance.

### EVENTS AFTER THE REPORTING DATE

#### Voluntary Offer to the Non-Controlling shareholders of Equity One Limited.

The Company holds 39,901,968 ordinary shares as at date in Equity One Limited ("EQIT") being 98.96% of the total shares in issue.

The Board of Carson Cumberbatch PLC decided on 15th July 2021 to make an offer to acquire all of the issued shares from the shareholders of Equity One Limited, other than the shares held by the company, at a price of Rs.110/- per share as per the terms and conditions of the offer. The total investment required by the Company, assuming all non-controlling shareholders will accept the offer would not exceed Rs.46,173,820/-

Subsequent to the reporting date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than the above which is disclosed in note 46. to the financial statements, if any.

### SHARE INFORMATION

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 54 and 62 of this Annual Report.

## MAJOR SHAREHOLDERS

Twenty Major Shareholders - Ordinary Shares.

No. of Shares as at 31st March	2021	%	2020	%
Bukit Darah PLC A/C No 2	89,706,431	45.68	89,706,431	45.68
Tower Investments (Pvt) Ltd	20,927,425	10.66	20,927,425	10.66
Fulcrum (Private) Limited	19,231,059	9.79	19,231,059	9.79
Newgreens Limited	14,747,670	7.51	14,747,670	7.51
Portelet Limited	14,747,670	7.51	14,747,670	7.51
Employee's Provident Fund	5,602,586	2.85	5,602,586	2.85
Mr. N. Ramaiah	5,543,473	2.82	5,543,473	2.82
Mrs. V. Nataraj	2,608,447	1.33	2,608,447	1.33
Mr. V. Nataraj	2,542,074	1.29	2,542,074	1.29
Goodhope Holdings(Pvt) Limited.	2,167,187	1.10	2,167,187	1.10
GF Capital Global Limited	1,828,690	0.93	1,828,690	0.93
Mr. M. Selvanathan	1,805,146	0.92	1,805,146	0.92
Ceylon Finance and Securities (Private) Ltd	1,606,239	0.82	1,606,239	0.82
Skan Investments (Pvt) Limited.	1,462,537	0.74	1,462,537	0.74
Mrs. M.N.C. Pellizzari	939,801	0.48	939,801	0.48
Pershing LLC S/A Averbach Grauson & Co.	769,388	0.39	769,388	0.39
Mr. Satish Selvanathan	703,348	0.36	703,348	0.36
Mr. K.C. Vignarajah	461,024	0.23	451,981	0.23
Interkrish Investment Company (Pvt) Limited.	454,488	0.23	454,488	0.23
Mr. M. Selvanathan & Mr. H. Selvanathan	449,820	0.23	449,820	0.23

## ANNUAL REPORT

The information provided herein is in pursuance of the requirements of the Companies Act No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors have approved the Financial Statements of the Company together with the Reviews which form part of the Annual Report on 19th July 2021. The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies, within applicable time frames.

## ANNUAL GENERAL MEETING

As permitted by Article 43(b) of the Articles of Association of the Company, the 108th Annual General Meeting of the Company will be held on Thursday, the 26th day of August 2021 at 9.30 a.m. at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 07, Sri Lanka by means of audio or audio and visual technology.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 215 of the Annual Report.

Signed on behalf of the Board

(Sgd.)  
Mr. M. Selvanathan  
Director

(Sgd.)  
Mr. D. C. R. Gunawardena  
Director

(Sgd.)  
K.D. De Silva (Mrs.)  
Director  
Carsons Management Services  
(Private) Limited  
Secretaries

Colombo  
19th July 2021

# Statement of Directors' Responsibility

The Statement sets out the responsibility of the Board of Directors, in relation to the Financial Statements of Carson Cumberbatch PLC and the Consolidated Financial Statements of the Company and its Subsidiaries (the Group). The responsibilities of the External Auditors in relation to the Financial Statements are set out in the "Independent Auditors' Report" given on pages 83 to 88.

In terms of Sections 150 (1), 151, 152 and 153 (1) and (2) of the Companies Act No. 07 of 2007, the Board of Directors of the Company are responsible for ensuring that the Group and the Company keep proper books of account of all the transactions and prepare Financial Statements that give a true and fair view of the financial position of the Group and the Company as at end of each financial year and place them before a general meeting. The Financial Statements comprise of the Statement of Financial Position as at 31st March 2021, the Income Statement and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Board of Directors confirm that the Financial Statements of the Group and the Company give a true and fair view of the

- financial position of the Group and the Company as at March 31, 2021; and
- financial performance of the Group and the Company for the financial year then ended.

## COMPLIANCE REPORT

The Board of Directors also wishes to confirm that:

- (a) appropriate Accounting Policies have been selected and applied in preparing the Financial Statements exhibited on pages 99 to 119 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained;
- (b) the Financial Statements for the year 2021, prepared and presented in this Annual Report are in agreement with the underlying books of account and are in conformity with the requirements of the following:
  - Sri Lanka Accounting Standards;
  - Companies Act No. 07 of 2007 (Companies Act);
  - Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
  - Listing Rules of the Colombo Stock Exchange (CSE), and
  - Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka);
- (c) proper accounting records which correctly record and explain the Company's transactions have been maintained as required by Section 148 (1) of the Companies Act to determine at any point of time the Company financial position, with reasonable accuracy, enabling preparation of the Financial Statements, in accordance with the Companies Act to facilitate proper audit of the Financial Statements;

- (d) they have taken appropriate steps to ensure that the Group and the Company maintain proper books of account and review the financial reporting system directly by them at their regular meetings and also through the Audit Committee. The Report of the said Committee is given on pages 80 to 82 The Board of Directors approves the Interim Financial Statements following a review and recommendation by the Audit Committee;
- (e) they accept responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report;
- (f) they have taken reasonable measures to safeguard the assets of the Group and the Company and to prevent and detect frauds and other irregularities. In this regard, the Board of Directors have instituted what they reasonably believe is an effective and comprehensive system of internal controls comprising internal checks, internal audit and financial and other controls required to carry on the business in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records.
- (g) to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its Subsidiaries, and all other known statutory dues as were due and payable by the Company and its Subsidiaries as at the reporting date have been paid or, where relevant, provided for.

- (h) as required by Section 56 (2) of the Companies Act, they have authorized distribution of the dividends paid upon being satisfied that the Company would satisfy the solvency test after such distributions are made in accordance with Section 57 of the Companies Act and have obtained in respect of dividends paid, necessary certificates of solvency from the External Auditors;
- (i) as required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company as required by the Rule 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE;
- (j) that all shareholders in each category have been treated equitably in accordance with the original terms of issue;
- (k) that the Company has met all the requirements under Rule 7 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable;
- (l) that after considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the "Code of Best Practice on Corporate Governance" issued by the CA Sri Lanka, the Board of Directors have a reasonable expectation that the Company and its Subsidiaries possess adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements;
- (m) the Financial Statements of the Group and the Company have been certified by the Director, Carsons Management Services (Pvt) Ltd, the Secretariat who is responsible for the preparation of accounts, as required by Sections 150 (1) (b) and 152 (1) (b) of the Companies Act and also have been signed by Two Directors of the Company on 19th July 2021 as required by Sections 150 (1) (c) and 152 (1) (c) of the Companies Act and other regulatory requirements; and
- (n) the Company's External Auditors, Messrs. KPMG who were appointed in terms of Section 158 of the Companies Act and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors together with all the financial records, related data and minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on pages 83 to 88.
- Accordingly, the Board of Directors are of the view that they have discharged their responsibilities as set out in this Statement.
- By Order of the Board,
- (Sgd.)  
K.D. De Silva (Mrs)  
Director  
Carsons Management Services  
(Private) Limited.  
Secretaries
- Colombo  
19th July 2021

# Report of the Related Party Transactions Review Committee

As allowed by the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee (RPTRC) of the Company functions as the RPTRC of the Listed Companies of the Carsons Group.

## COMPOSITION OF THE COMMITTEE

Mr. V.P. Malalasekera, Member/Chairman and Mr. F. Mohideen, Member of the RPTRC resigned from the Board of CCPLC w.e.f. 31st December 2020 and ceased to be Members of the RPTRC w.e.f. 31st December 2020.

On 1st January 2021 Mr. W.M.R.S. Dias, Non-Executive, Independent Director of CCPLC was appointed Chairman of the RPTRC and Mr. R. Theagarajah, Non-Executive, Independent Director of CCPLC was appointed as a Member of the RPTRC.

The Members of the RPTRC are as follows :

RPTRC Members	Executive/Non-Executive/Independent
Mr. W.M.R.S. Dias ( <i>Appointed Chairman w.e.f. 1st January 2021</i> )	Non-Executive, Independent (CCPLC)
Mr. D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr. H. Selvanathan	Executive (CCPLC)
Mr. M. Selvanathan	Executive (CCPLC)
Mr. S.K. Shah*	Non-Executive (CCPLC)
Mr. R. Theagarajah ( <i>Appointed Member w.e.f. 1st January 2021</i> )	Non-Executive, Independent (CCPLC)
Mr. V.P. Malalasekera ( <i>Ceased to be Member/Chairman w.e.f. 31st December 2020</i> )	Non-Executive, Independent (CCPLC)
Mr. F. Mohideen ( <i>Ceased to be a Member w.e.f. 31st December 2020</i> )	Non-Executive, Independent (CCPLC)

\*Executive Director of CCPLC upto 30th June 2021 & Non-Executive Director of CCPLC w.e.f. 1st July 2021

## MEETINGS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

As allowed by the Carsons Group Related Party Transactions Compliance Code (Carsons Group RPT Code), CCPLC-RPTRC held Four (04) Virtual Meetings during the financial year. In addition, the approval of the RPTRC Members were sought via 15 Circular Resolutions and 06 Circular Letters were circulated for their information during the financial year.

The attendance of the Members at Committee Meetings were as follows:

RPTRC Members	Meetings (virtual) attended (out of 04)
Mr. W.M.R.S. Dias (Chairman)*	01/04
Mr. D.C.R. Gunawardena	04/04
Mr. H. Selvanathan	01/04
Mr. M. Selvanathan	-
Mr. S.K. Shah	04/04
Mr. R. Theagarajah**	01/04
Mr. V.P. Malalasekera***	03/04
Mr. F. Mohideen****	01/04

\*Appointed Chairman w.e.f. 1st January 2021

\*\*Appointed Member w.e.f. 1st January 2021

\*\*\*Ceased to be Member/Chairman w.e.f. 31st December 2020

\*\*\*\*Ceased to be a Member w.e.f. 31st December 2020

## PURPOSE OF THE COMMITTEE

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the Listed Companies of the Carsons Group, other than those exempted by the Carsons Group RPT Code, prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

## POLICIES AND PROCEDURES

- The RPTRC reviews the relevant Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the respective Companies are necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.

- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether it is recurrent or non-recurrent in nature.
- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.
- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

The self-declarations from the Directors and Key Management Personnel are obtained for the purpose of identifying parties related to them. Further, the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable have been documented even in the case of once approved recurrent transactions which are of operational nature, which as per the Carsons Group RPT Code need not be repeatedly approved, if within the broad thresholds.

The RPTRC in discharging its function endeavours to ensure that :

- there is compliance with the Carsons Group RPT Code;
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee has a criteria for designating Carsons Group Key Management Personnel (KMP) and quarterly disclosures are made by the KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2020 to 31st March 2021 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)  
**W.M.R.S. Dias**  
Chairman – Related Party Transactions  
Review Committee  
Carson Cumberbatch PLC

Colombo  
19th July 2021

# Audit Committee Report

As allowed by the Listing Rules of the Colombo Stock Exchange, the Audit Committee of the Company being the Parent/ultimate Parent Company of the undermentioned listed companies, also functions as the Audit Committee to these companies:

## Investment Sector

Ceylon Guardian Investment Trust PLC  
Ceylon Investment PLC  
Guardian Capital Partners PLC

## Real Estate Sector

Equity Two PLC

## Beverage Sector

Lion Brewery (Ceylon) PLC  
Ceylon Beverage Holdings PLC

## Leisure Sector

Pegasus Hotels of Ceylon PLC

## Plantation Sector

Selinsing PLC  
Indo-Malay PLC  
Good Hope PLC  
Shalimar (Malay) PLC

Mr. V.P. Malalasekera, Member/Chairman and Mr. F. Mohideen, Member of the Audit Committee resigned from the Board of CCPLC w.e.f. 31st December 2020 and ceased to be Members of the Audit Committee w.e.f. 31st December 2020.

On 1st January 2021 Mr. A.S. Amaratunga, Member of the Audit Committee was appointed Chairman of the Audit Committee and Mr. Y.H. Ong, Non-Executive, Independent Director of CCPLC was appointed a Member of the Audit Committee.

The Audit Committee consists of the following Members:

Audit Committee Members	Executive/ Non-Executive/ Independent
Mr. A.S. Amaratunga (Appointed Chairman w.e.f. 1st January 2021)	Non-Executive, Independent (CCPLC)
Mr. D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr. Y.H. Ong (Appointed Member w.e.f. 1st January 2021)	Non-Executive, Independent (CCPLC)
Mr. V.P. Malalasekera (Ceased to be Member/Chairman w.e.f. 31st December 2020)	Non-Executive, Independent (CCPLC)
Mr. F. Mohideen (Ceased to be a Member w.e.f. 31st December 2020)	Non-Executive, Independent (CCPLC)

Mr. A.S. Amaratunga, a Non-Executive, Independent Director of CCPLC, is also a Non-Executive, Independent Director of Hemas Holdings PLC, Chairman of Hemas Holdings PLC-Audit Committee and a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of CCPLC.

Mr. D.C.R. Gunawardena is a Non-Executive Director of CCPLC and in most of its Group Companies. He is a Fellow of the Chartered Institute of Management Accountants, U.K.

Mr. Y.H. Ong is a Non-Executive, Independent Director of CCPLC. He is also an Independent Non-Executive Director, Member of the Executive Committee, Audit Committee and the Board Risk Committee of United Overseas Bank Ltd., Singapore. Mr. Ong had served at Ernst & Young, Singapore for 30 years and was involved in audit and financial advisory work.

Mr. V.P. Malalasekera was a Non-Executive, Independent Director of CCPLC upto 31st December 2020 and was a former Director of Ceylon Tobacco Company PLC. Mr. F. Mohideen was a Non-Executive, Independent Director of CCPLC upto 31st December 2020 and was a former Deputy Secretary to the Treasury, a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

Mr. R.H. Meewakkala ceased to be an Observer representing the Beverage Sector following his appointment as Chief Executive Officer of Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC.

## MEETINGS OF THE AUDIT COMMITTEE

As allowed by the CCPLC-Audit Committee Charter, CCPLC-Audit Committee held Thirteen (13) virtual Meetings during the financial year and the attendance of the Members were as follows:

Audit Committee Members	Meetings (virtual) Attended (out of 13)
Mr. A.S. Amaratunga (Chairman)	13/13
Mr. D.C.R. Gunawardena	13/13
Mr. Y.H. Ong *	04/13
Mr. V.P. Malalasekera**	09/13
Mr. F. Mohideen***	09/13

\*Appointed Member w.e.f. 1st January 2021

\*\*Ceased to be Member/Chairman w.e.f. 31st December 2020

\*\*\*Ceased to be a Member w.e.f. 31st December 2020

Matters pertaining to the Company, as well as of the companies coming within the purview of Carson Cumberbatch PLC-Audit Committee were discussed at the Meetings. The Chief Executive Officer/Country Head (Sri Lanka)/Head of Finance and senior management staff members of the respective companies, internal auditors and senior management staff members of Carsons Management Services (Private) Limited, who provides secretariat services/Managers to Group Companies also attended the Audit Committee Meetings by invitation.

The Audit Committee met the External Auditors of the Company, as well as the External Auditors handling the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC, twice during the year to discuss the audit scope, including Key Audit Matters and to deliberate the draft Financial Report and Accounts of the Company/Sectors at the completion stage of the audit. The Committee also discussed the draft Financial Report and Accounts with the External Auditors of the Company, as well as the External Auditors handling the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC.

The Chairman-Audit Committee issues a written update for circulation to the Company Board, and also to the Boards of the companies coming within the purview of the Audit Committee of CCPLC, following the Audit Committee Meetings, as relevant, indicating the important matters discussed and decisions taken in respect of each Company. In addition, Minutes/extracts of the Minutes of Audit Committee Meetings are circulated to the Board of Directors of the Company/Companies coming within the purview of the Audit Committee of CCPLC.

## PURPOSE OF THE AUDIT COMMITTEE

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

## FINANCIAL STATEMENTS

The interim financial statements of both, the Company and of the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC have been reviewed at meetings of the Audit Committee, prior to release of same to the Regulatory Authorities and to the shareholders.

Based on reporting and compliance requirements, the Audit Committee discussed Audit Matters tabled by Messrs. KPMG for inclusion in the audit report.

The financial statements for the year ended 31st March 2021 which are incorporated in the Annual Report of the Company and of the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC, were reviewed at meetings of the Audit Committee, together with the External Auditors, Messrs. KPMG and Ernst & Young (pertaining to Plantation Sector Companies) and were recommended for the approval of the Boards of the respective

companies, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by Carsons Management Services (Private) Limited, Secretariat, Managers, Chief Executive Officers, Heads of Finance, of the respective companies and Agro Harapan Lestari (Private) Limited-Managers, as relevant confirming that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

## INTERNAL AUDIT

The objective of the Group Internal Audit (GIA) is to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-à-vis objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective action where necessary.

GIA carried out detailed audits in respect of the Company and the Beverage Sector, Investment Sector, Real Estate Sector and the Leisure Sector companies and the audits were based on the audit plans formulated and approved by the Audit Committee for the financial year.

The findings and contents of the GIA reports were discussed with the relevant management staff and subsequently these audit reports were circulated to the Audit Committee and to the senior management, providing an overview of the control environment and where relevant enabling visibility of corrective and preventive measures to be taken.

## Audit Committee Report

In the case of Overseas Indonesian Plantation companies coming under the purview of Goodhope Asia Holdings Limited (GAHL), the Plantation Sector Holding Company, the audit matters thereon are reported to the GAHL-Audit Committee.

### EXTERNAL AUDIT

The Committee and Management reviewed and discussed with External Auditors' their Letter of Engagement prior to the commencement of the audit, and the Committee followed up on the observations noted by the External Auditors during the Audit and after.

The Members of the Audit Committee have determined that the independence of Messrs.KPMG, Chartered Accountants has not been impaired by any event or service that gives rise to a conflict of interest. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the guidance on independence as noted in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2022, subject to the approval of the shareholders of Carson Cumberbatch PLC at the Annual General Meeting.

### AUDIT COMMITTEE'S REPORTING STRUCTURE

Equity One Limited, Equity Hotels Limited, Rubber Investment Trust Limited, Guardian Fund Management Limited, Millers Brewery Limited, Carsons Airline Services (Private) Limited, Carsons Management Services (Private) Limited, Equity Three (Private) Limited, Leechman & Company (Private) Limited, Pubs 'N Places (Private) Limited, Luxury Brands (Private) Limited, Retail Spaces (Private) Limited, Pearl Springs (Private) Limited and Youth To Nation Foundation have not formed their own Audit Committees, but audit aspects were covered under the direct jurisdiction of Carson Cumberbatch PLC- Audit Committee.

(Sgd.)

**A.S. Amaratunga**  
Chairman – Audit Committee  
Carson Cumberbatch PLC

19th July 2021

# 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  
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## TO THE SHAREHOLDERS OF CARSON CUMBERBATCH PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Carson Cumberbatch 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 2021, 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 as set at on pages 89 to 207 of this 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 2021, 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's financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements and the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan FCA	M.N.M. Shameel ACA	Ms. C.T.K.N. Perera ACA
A.M.R.P. Alahakoon ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA  
Ms. P. M. K. Sumanasekara FCA, W. A. A. Weerasekara CFA, ACMA, MRICS

## Independent Auditor's Report



Revenue Recognition	
Risk Description	Our Responses
<p>Refer Note 5 (accounting policy) and Note 8 to the Financial statements.</p> <p>The Company recorded revenues of Rs. 470 Mn for year ended 31st March 2021 and Group recorded revenue of Rs. 114,836 Mn for the year ended 31st March 2021.</p> <p>Whilst revenue recognition and measurement is not complex for the Company, the subsidiaries operates in a market which is affected by different customer behavior and the various discounts and locally imposed duties and fees in regard to revenue recognition introduce an inherent risk to the revenue recognition process. This, together with the focus on volumes and revenue as key performance measures resulted in revenue being selected as a key audit matter.</p>	<p>Our audit procedures among others included:</p> <p>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sales transactions.</p> <p>Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment with the assistance of IT specialists.</p> <p>Obtaining an understanding and testing design, implementation and operating effectiveness of controls over journal entries and post-closing adjustments.</p> <p>Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts, underlying goods delivery and acceptance notes, where appropriate, to assess whether the related revenue was recognized in accordance with the Company's revenue recognition accounting policies.</p> <p>Agreeing the monthly sales system reports to the general ledger to ensure that the revenue is accounted accurately and completely in the general ledger.</p> <p>On a sample basis, testing that sales have been recognized in the correct accounting period and evaluating whether there are any significant product returns after the year end.</p>



Carrying value of investments in financial instruments	
Risk Description	Our Responses
<p>Refer Note 5 (accounting policy) and Note 27- 28 to the Financial statements.</p> <p>The financial investments of the Group as at 31st March 2021 comprises FVTPL financial assets amounting to Rs. 9,975 Mn and FVOCI financial assets amounting to Rs. 8,808 Mn. As at the reporting date, the Group's FVTPL portfolio is made up of listed equity investments amounting to Rs. 9,291 Mn, unlisted equity investments amounting to Rs. 239 Mn, investment in Treasury Bonds Rs. 247 Mn and unit trust investments amounting to Rs. 198 Mn.</p> <p>Investment in listed equity and unit trust investments are measured based on quoted market prices. Unlisted equity instruments require the exercise of judgment and the use of estimates and assumptions as observable market prices or market parameters are not available. For such instruments, the fair value is determined through the use of valuation techniques or models applied by the Group.</p> <p>As a result of the COVID-19 pandemic, volatility in the financial markets has increased. Subsequent to relaxation of government restrictions during the reporting period, the market gradually improved and the market prices have drastically increased compared to the prior period. The Group has recorded a fair value gain of Rs.1,884 Mn, compared to the fair value loss of Rs.1,801 Mn recorded in the previous year. As the country is experiencing the third wave of the pandemic, there is still an uncertainty with regard to market conditions.</p> <p>Due to the materiality of the FVTPL and FVOCI financial instruments in the context of the financial statements, degree of judgement involved in making assumptions in arriving at valuations and measurement uncertainty created due to COVID-19 outbreak, we considered valuation of FVTPL and FVOCI financial instruments as a Key Audit Matter.</p>	<p>Our audit procedures among others included:</p> <p>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key controls in relation to the investment valuation process;</p> <p>Checking the CDS statements to verify the existence, completeness and accuracy of the number of quoted shares and agreeing the market price as of 31st March 2021 with the CSE prices;</p> <p>Checking the number of units and the unit price as at 31st March 2021 with the external confirmations received from the Unit Trust Management Company to verify the existence, accuracy and completeness;</p> <p>Assessing the appropriateness of the valuation techniques used by the Group in valuing the unquoted equity instruments as at 31st March 2021;</p> <p>Assessing and challenging the key assumptions, inputs and judgments used in the valuation of the unquoted equity instruments by;</p> <ul style="list-style-type: none"> <li>• Comparing the assumptions to expectations based on current trends and investee industry knowledge;</li> <li>• Challenging the management on key assumptions used to generate forward looking cash flow and revenue estimates and other key assumptions used in the valuation process such as discount rates, liquidity adjustments etc;</li> </ul> <p>Assessing the adequacy of disclosure in the financial statements in relation to the fair valuation of the financial investments as required by the accounting standards.</p>

## Independent Auditor's Report



Valuation of Land and Buildings	
Risk Description	Our Responses
<p>Refer Note 5 (accounting policy) Note 19 and Note 22 to the Financial statements.</p> <p>As at the reporting date, certain Land and buildings carried at the fair value, classified as Property, Plant and Equipment and Investment Properties amounted to Rs. 37,687 Mn and Rs. 4,479 Mn respectively. The fair value of these properties were determined by the professional external valuer engaged by the Group management.</p> <p>The valuation of Land and buildings is considered as a significant audit risk due to the materiality of the carrying amount and the subjective nature of property valuations using level 3 assumptions which depend on the nature of property, its location, expected future net rental values, market yields, capitalization rates, per perch price, value for squire foot and comparable market transactions. A change in the key assumptions will have a significant impact to the valuation.</p>	<p>Our audit procedures among others included:</p> <p>Assessing the objectivity, independence, competence and professional qualifications of the external valuer.</p> <p>Assessing the appropriateness of the valuation techniques used by the external valuer, taking into account the profile of the investment properties.</p> <p>Compare with alternative valuation methods in order to determine the highest and best use of the property.</p> <p>Discussions with management and the external valuer and comparing the key assumptions used against externally published market comparable or industry data where available and challenging the reasonableness of key assumptions in particular rental rates, capitalization rates, occupancy rates, per perch price and value for squire foot based on our knowledge of the business and industry and internal benchmarks.</p> <p>Discussions with the management and the external valuer in relation to the sensitivity of the key assumptions to the valuation due to COVID 19.</p> <p>Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.</p>

Carrying value of Brands acquired	
Risk Description	Our Response
<p>Refer Note 5 (accounting policy) and Note 23 to the Financial statements.</p> <p>The subsidiary, Lion Brewery (Ceylon) PLC has recognized an intangible asset relating to Brands acquired with a carrying value of Rs. 1,138 Mn as at the reporting date.</p> <p>The annual impairment testing relating to the brand which is an indefinite life intangible asset is considered to be a key audit matter due to the significant judgment required in determining the assumptions to be used to estimate the recoverable amount.</p> <p>The recoverable amount of the CGU, which is based on the higher of the value in use or fair value less costs of disposal, has been derived from a discounted forecast cash flow model. This model uses several key assumptions, including estimates of future sales volumes, contribution growth rate, terminal value growth rates and the cost of equity (discount rate).</p> <p>Note 52 in the Financial Statements describes the impact of COVID-19 outbreak to the current year financial statements and the possible effects of the future implications of COVID-19 outbreak on the Company's future prospects, performance and cash flows. Management has considered the uncertainties from these events and circumstances as the outbreak is prevailing at the time of finalizing these financial statements.</p>	<p>Our audit procedures among others included:</p> <p>Evaluating the appropriateness and consistency of underlying assumptions via corroborating estimates of future cash flows and discussing whether they are reasonable and supported by the most recent approved management budgets, including expected future performance of the CGUs, and discussing whether these are appropriate in light of future macroeconomic expectations in the markets including latest economic conditions pursuant to the Covid-19 outbreak and our own assessment based on the knowledge of the Subsidiary and the industry.</p> <p>Recomputing and comparing the data used in the forecasted cash flow model with information maintained by management and historical trends.</p> <p>Assessing the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments.</p>



## Other Information

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Independent Auditor's Report



- 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 3272 (FCA).

CHARTERED ACCOUNTANTS  
Colombo, Sri Lanka  
19th July 2021

# Income Statement

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2021	2020 (Restated*)	2021	2020
<b>Continuing operations</b>					
Revenue	8	114,835,847	105,914,515	469,748	192,631
Direct operating expenses	9	(83,996,534)	(80,327,098)	-	-
<b>Gross profit</b>		<b>30,839,313</b>	<b>25,587,417</b>	<b>469,748</b>	<b>192,631</b>
Other income	10	1,773,557	1,279,975	-	-
Change in fair value of investment properties	22	61,318	151,434	-	-
Change in fair value of biological assets	21	531,357	158,646	-	-
Change in fair value of fair value through profit or loss financial assets	27	1,884,201	(1,801,427)	13,337	(4,916)
Distribution expenses		(6,606,392)	(6,433,633)	-	-
Administrative expenses		(8,684,553)	(9,217,027)	(83,262)	(79,379)
Other operating expenses	10	(579,998)	(908,154)	-	-
Impairment of business assets	11	(609,342)	(740,315)	-	-
Foreign exchange gain/(losses)	12	1,855,241	(1,896,358)	(25,845)	(1,636)
<b>Profit before net finance costs</b>		<b>20,464,702</b>	<b>6,180,558</b>	<b>373,978</b>	<b>106,700</b>
Net finance costs	13	(6,142,137)	(6,673,453)	(242,755)	(193,510)
Share of profit/(loss) of equity accounted investee, (net of tax)	26	(18,776)	11,351	-	-
<b>Profit/(loss) before tax</b>	14	<b>14,303,789</b>	<b>(481,544)</b>	<b>131,223</b>	<b>(86,810)</b>
<b>Income tax expenses</b>					
Current taxation	15	(4,023,947)	(2,265,012)	(4,590)	(6,416)
Deferred taxation	15	(474,610)	93,853	-	-
		(4,498,557)	(2,171,159)	(4,590)	(6,416)
<b>Profit/(loss) from continuing operations</b>		<b>9,805,232</b>	<b>(2,652,703)</b>	<b>126,633</b>	<b>(93,226)</b>
<b>Discontinued operations</b>					
Loss from discontinued operations, (net of tax)	32	(109,995)	(189,769)	-	-
Gain on disposal of subsidiary	32	15,377	382,212	-	-
Net impact from discontinued operations, (net of tax)		(94,618)	192,443	-	-
<b>Profit/(loss) for the year</b>		<b>9,710,614</b>	<b>(2,460,260)</b>	<b>126,633</b>	<b>(93,226)</b>

## Income Statement

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group 2021	Group 2020 (Restated*)	Company 2021	Company 2020
<b>Profit/(loss) Attributable to:</b>					
Owners of the Company	8				
Profit/(loss) from continuing operations, (net of tax)		4,858,494	(1,810,893)	126,633	(93,226)
Profit/(loss) from discontinued operations, (net of tax)		(37,643)	283,085	-	-
		4,820,851	(1,527,808)	126,633	(93,226)
<b>Non controlling interest</b>					
Profit/(loss) from continuing operations, (net of tax)	8	4,946,738	(841,810)		
Loss from discontinued operations, (net of tax)		(56,975)	(90,642)		
		4,889,763	(932,452)		
Basic earnings/(loss) per share (Rs.)	16	24.55	(7.78)	0.64	(0.47)
Basic earnings/(loss) per share - Continuing operations (Rs.)	16	24.74	(9.22)	0.64	(0.47)
Basic earnings/(loss) per share - Discontinued operations (Rs.)		(0.19)	1.44	-	-
Dividend Per ordinary share (Rs.)	18	0.75	0.75	0.75	0.75
Earnings before interest, tax, depreciation and amortisation (EBITDA)	17	23,552,154	16,680,316	-	-

\* The comparative information has been represented due to the impact of Guardian Capital Partners classified as discontinued operation.

The Notes from pages 99 to 207 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Statement of Profit or Loss and Other Comprehensive Income

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2021	2020	2021	2020
<b>Profit/(loss) for the year</b>		<b>9,710,614</b>	<b>(2,460,260)</b>	<b>126,633</b>	<b>(93,226)</b>
<b>Other Comprehensive Income</b>					
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		9,560,038	(7,193,699)	-	-
Loss on effective portion of changes in fair value of cash flow hedge	36	(115,458)	(196,792)	-	-
Share of other comprehensive income of equity accounted investee, (net of tax)	26	49,198	17,493	-	-
<b>Items that will not be reclassified to profit or loss:</b>					
Revaluation Surplus on Property, Plant & Equipment	19	540,061	560,473	-	-
Deferred tax expenses on revaluation surplus	15	(105,262)	(278,767)	-	-
Remeasurements of defined benefit obligation	40	(93,387)	223,135	-	-
Related tax on actuarial gain/(losses)	15	19,792	(57,218)	-	-
Equity investments at FVOCI – net change in fair value	27	3,999,853	(534,203)	1,214,907	(319,216)
<b>Other comprehensive income/(expenses) for the year, (net of tax)</b>		<b>13,854,835</b>	<b>(7,459,578)</b>	<b>1,214,907</b>	<b>(319,216)</b>
<b>Total Comprehensive Income/(expenses) for the year</b>		<b>23,565,449</b>	<b>(9,919,838)</b>	<b>1,341,540</b>	<b>(412,442)</b>
<b>Total Comprehensive Income/(expenses) Attributable to:</b>					
Owners of the Company		12,436,520	(5,429,907)	1,341,540	(412,442)
Non controlling interest		11,128,929	(4,489,931)	-	-
		<b>23,565,449</b>	<b>(9,919,838)</b>	<b>1,341,540</b>	<b>(412,442)</b>
<b>Attributable to:</b>					
Owners of the Company					
Total comprehensive income/(expenses) from continuing operations, (net of tax)		12,507,977	(5,714,694)	1,341,540	(412,442)
Total comprehensive income/(expenses) from discontinued operations, (net of tax)		(71,457)	284,787	-	-
		<b>12,436,520</b>	<b>(5,429,907)</b>	<b>1,341,540</b>	<b>(412,442)</b>
<b>Non controlling interest</b>					
Total comprehensive income/(expenses) from continuing operations, (net of tax)		11,215,494	(4,400,404)	-	-
Total comprehensive expenses from discontinued operations, (net of tax)		(86,565)	(89,527)	-	-
		<b>11,128,929</b>	<b>(4,489,931)</b>	<b>-</b>	<b>-</b>

The Notes from pages 99 to 207 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Statement of Financial Position

(Amounts expressed in Sri Lankan Rs. '000)

As at 31st March	Note	Group		Company	
		2021	2020	2021	2020
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
Property, plant & equipment	19	66,716,482	56,212,971	-	-
Bearer Plants	20	33,854,400	30,215,027	-	-
Investment properties	22	4,479,466	4,396,967	-	-
Intangible assets	23	10,160,941	9,882,889	-	-
Investments in subsidiaries	24	-	-	9,307,670	9,307,670
Investments in equity accounted investee	26	658,796	633,105	-	-
Investment in equity and debt securities	27	8,807,682	4,807,829	5,219,864	4,004,957
Deferred tax assets	15	3,496,190	3,264,739	-	-
Other financial receivables	30	24,759	24,759	-	-
Other non financial receivables	30	9,441,434	8,671,512	-	-
<b>Total non - current assets</b>		<b>137,640,150</b>	<b>118,109,798</b>	<b>14,527,534</b>	<b>13,312,627</b>
<b>Current Assets</b>					
Inventories	29	10,265,113	8,190,735	-	-
Trade receivables	30	4,800,369	3,970,640	140,777	215,781
Other financial receivables	30	2,167,121	1,608,789	-	-
Other non financial receivables	30	8,947,733	7,812,037	5,454	5,500
Current tax recoverable	15	39,184	103,845	2,106	6,696
Investment in equity and debt securities	27	9,776,923	7,840,888	90,581	84,131
Investment in Unit trusts	28	198,153	602,690	-	-
Derivative financial instruments	36	190,638	14,446	-	-
Biological assets	21	2,372,008	1,557,026	-	-
Cash and cash equivalents	31	19,165,722	22,386,248	903,460	305,724
		57,922,964	54,087,344	1,142,378	617,832
Assets held for sale	32	1,511,098	690,532	-	-
<b>Total current assets</b>		<b>59,434,062</b>	<b>54,777,876</b>	<b>1,142,378</b>	<b>617,832</b>
<b>Total assets</b>		<b>197,074,212</b>	<b>172,887,674</b>	<b>15,669,912</b>	<b>13,930,459</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Stated capital	33	1,114,652	1,114,652	1,114,652	1,114,652
Capital reserves	34	3,135,934	2,746,892	287,552	287,552
Revenue reserves	35	34,947,758	23,102,955	11,279,531	10,080,749
Equity attributable to owners of the Company		39,198,344	26,964,499	12,681,735	11,482,953
Non-controlling interest	25	39,882,181	28,221,465	-	-
<b>Total equity</b>		<b>79,080,525</b>	<b>55,185,964</b>	<b>12,681,735</b>	<b>11,482,953</b>

(Amounts expressed in Sri Lankan Rs. '000)

As at 31st March	Note	Group		Company	
		2021	2020	2021	2020
<b>LIABILITIES</b>					
<b>Non - Current Liabilities</b>					
Loans and borrowings	37	54,319,018	53,066,951	343,750	-
Lease liabilities	38	503,093	516,226	-	-
Other financial payables	39	909,336	73,163	-	-
Other non financial liabilities	39	1,649,427	1,165,496	-	-
Derivative financial instruments	36	1,104,061	1,227,608	-	-
Deferred tax liabilities	15	10,254,060	9,487,488	-	-
<b>Total non - current liabilities</b>		<b>68,738,995</b>	<b>65,536,932</b>	<b>343,750</b>	<b>-</b>
<b>Current Liabilities</b>					
Trade payables	39	3,718,062	5,761,875	-	-
Other financial payables	39	14,773,326	10,451,447	211,249	179,720
Current tax liabilities	15	2,563,332	152,343	-	-
Derivative financial instruments	36	315,332	121,554	-	-
Loans and borrowings	37	27,421,397	35,321,743	2,433,178	2,267,786
Lease liabilities	38	463,243	355,816	-	-
<b>Total current liabilities</b>		<b>49,254,692</b>	<b>52,164,778</b>	<b>2,644,427</b>	<b>2,447,506</b>
<b>Total liabilities</b>		<b>117,993,687</b>	<b>117,701,710</b>	<b>2,988,177</b>	<b>2,447,506</b>
Total equity and liabilities		197,074,212	172,887,674	15,669,912	13,930,459
Net assets per ordinary share	41	199.60	137.30	64.58	58.47

The Notes from pages 99 to 207 form an integral part of these financial statements.

I certify that these financial statements are in compliance with the requirements of Companies Act No. 7 of 2007.

(Sgd.)

A.P. Weeratunge

Director

Carsons Management Services (Private) Limited

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board on 19th July 2021.

(Sgd.)

M. Selvanathan

Director

(Sgd.)

D.C.R. Gunawardena

Director

# Statement of Change in Equity

(Amounts expressed in Sri Lankan Rs. '000)

	Stated Capital	Capital Accretion Reserve	Revaluation Reserve	Other Capital Reserve
<b>Group</b>				
<b>Balance as at 31st March 2019</b>	1,114,652	287,552	1,027,723	1,471,176
<b>Total comprehensive income</b>				
Loss for the year (Note 8)	-	-	-	-
Other Comprehensive income/(expenses) for the year	-	-	130,346	-
<b>Total comprehensive income/(expenses) for the year</b>	-	-	130,346	-
<b>Transactions with owners of the Company</b>				
<b>Contributions and Distributions</b>				
Dividends on ordinary shares (Note 18)	-	-	-	-
Dividends paid to Non-controlling Shareholders	-	-	-	-
Forfeiture of unclaimed dividends	-	-	-	-
Effect on reclassification of Investment Property	-	-	(169,905)	-
<b>Total Contributions by and distributions to owners</b>	-	-	(169,905)	-
<b>Changes in ownership interests</b>				
Dilution of equity interest in a subsidiaries without change in control	-	-	-	-
Dilution of equity interest in a subsidiary with change in control	-	-	-	-
<b>Total changes in ownership interests</b>	-	-	-	-
<b>Balance as at 31st March 2020</b>	1,114,652	287,552	988,164	1,471,176
<b>Total comprehensive income</b>				
Profit for the year (Note 8)	-	-	-	-
Other Comprehensive Income/(expenses) for the year	-	-	389,042	-
<b>Total comprehensive Income/(expenses) for the year</b>	-	-	389,042	-
<b>Transactions with owners of the Company</b>				
<b>Contributions and Distributions</b>				
Dividends on ordinary shares (Note 18)	-	-	-	-
Dividends paid to Non-controlling Shareholders	-	-	-	-
Forfeiture of unclaimed dividends	-	-	-	-
Other reserves adjustments and transfer	-	-	-	-
Share issue by subsidiaries	-	-	-	-
<b>Total Contributions by and distributions to owners</b>	-	-	-	-
<b>Changes in ownership interests</b>				
Dilution of equity interest in a subsidiary with change in control	-	-	-	-
<b>Total changes in ownership interests</b>	-	-	-	-
<b>Balance as at 31st March 2021</b>	1,114,652	287,552	1,377,206	1,471,176

(Amounts expressed in Sri Lankan Rs. '000)

Revenue Reserves	Currency Translation Reserves	FVOCI Reserve	Cash flow hedging Reserve	Retained Earnings	Attributable to Owners of the Company	Non-Controlling Interest	Total Equity
326,755	(3,703,407)	3,595,320	-	28,188,649	32,308,420	31,585,445	63,893,865
-	-	-	-	(1,527,808)	(1,527,808)	(932,452)	(2,460,260)
-	(3,647,603)	(360,519)	(104,949)	80,626	(3,902,099)	(3,557,479)	(7,459,578)
-	(3,647,603)	(360,519)	(104,949)	(1,447,182)	(5,429,907)	(4,489,931)	(9,919,838)
-	-	-	-	(147,290)	(147,290)	-	(147,290)
-	-	-	-	-	-	(247,822)	(247,822)
-	-	-	-	7,386	7,386	4,094	11,480
-	-	-	-	238,209	68,304	22,321	90,625
-	-	-	-	98,305	(71,600)	(221,407)	(293,007)
376	(23,066)	-	-	431,827	409,137	1,226,808	1,635,945
-	(33,787)	-	-	(217,764)	(251,551)	120,550	(131,001)
376	(56,853)	-	-	214,063	157,586	1,347,358	1,504,944
327,131	(7,407,863)	3,234,801	(104,949)	27,053,835	26,964,499	28,221,465	55,185,964
-	-	-	-	4,820,851	4,820,851	4,889,763	9,710,614
-	4,630,507	2,699,385	(61,574)	(41,691)	7,615,669	6,239,166	13,854,835
-	4,630,507	2,699,385	(61,574)	4,779,160	12,436,520	11,128,929	23,565,449
-	-	-	-	(147,290)	(147,290)	-	(147,290)
-	-	-	-	-	-	(403,621)	(403,621)
-	-	-	-	23,098	23,098	12,747	35,845
-	54,836	(48)	-	(77,269)	(22,481)	(1,651)	(24,132)
-	-	-	-	-	-	967,970	967,970
-	54,836	(48)	-	(201,461)	(146,673)	575,445	428,772
-	(39,061)	-	-	(16,941)	(56,003)	(43,658)	(99,661)
-	(39,061)	-	-	(16,941)	(56,003)	(43,658)	(99,661)
327,131	(2,761,581)	5,934,138	(166,523)	31,614,593	39,198,344	39,882,181	79,080,525

## Statement of Change in Equity

(Amounts expressed in Sri Lankan Rs. '000)

	Stated Capital	Capital Accretion Reserve	FVOCI Reserve	Retained Earnings	Total Equity
<b>Company</b>					
<b>Balance as at 31st March 2019</b>	1,114,652	287,552	3,096,646	7,543,835	12,042,685
Total comprehensive income					
Loss for the year	-	-	-	(93,226)	(93,226)
<b>Other Comprehensive expenses for the year</b>	-	-	(319,216)	-	(319,216)
<b>Total comprehensive expenses for the year</b>	-	-	(319,216)	(93,226)	(412,442)
Ordinary dividend paid	-	-	-	(147,290)	(147,290)
Total Contributions by and distributions to owners	-	-	-	(147,290)	(147,290)
Balance as at 31st March 2020	1,114,652	287,552	2,777,430	7,303,319	11,482,953
<b>Total comprehensive income</b>					
Profit for the year	-	-	-	126,633	126,633
Other Comprehensive income for the year	-	-	1,214,907	-	1,214,907
Total comprehensive income for the year	-	-	1,214,907	126,633	1,341,540
Ordinary dividend paid	-	-	-	(147,290)	(147,290)
<b>Forfeiture of unclaimed dividends</b>	-	-	-	4,532	4,532
Total Contributions by and distributions to owners	-	-	-	(142,758)	(142,758)
Balance as at 31st March 2021	1,114,652	287,552	3,992,337	7,287,194	12,681,735

The Notes from pages 99 to 207 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Statement of Cash Flow

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2021	2020	2021	2020
<b>Cash flows from operating activities</b>					
Profit/(loss) before income tax expenses from continuing operations		14,303,789	(481,544)	131,223	(86,810)
Loss before income tax expenses from discontinued operations	32	(105,025)	(177,863)	-	-
		14,198,764	(659,407)	131,223	(86,810)
<b>Adjustments for:</b>					
Change in fair value of biological assets	21	(531,357)	(158,646)	-	-
Gain from changes in fair value of investment properties	22	(61,318)	(151,434)	-	-
Mark to market value adjustments - unrealized	27	(1,884,201)	1,845,745	(13,337)	4,916
Impairment of business assets/new investments	11	609,342	740,315	-	-
Share of profit/(loss) of equity accounted investee, (net of tax)	26	18,776	(11,351)	-	-
Depreciation on property, plant & equipment	19	4,514,146	4,205,741	-	-
Depreciation on Bearer Plants	20	1,968,235	1,868,459	-	-
Amortization of intangible assets/prepaid lease payment	23	327,846	297,538	-	-
Provision for retiring gratuity	40	268,364	280,009	-	-
Plasma interest income	10	(680,557)	(644,319)	-	-
Finance expenses		6,199,517	6,786,741	242,755	193,510
Profit on disposal of property, plant & equipment	10	(7,239)	(26,608)	-	-
Net unrealised fair value gain on RCPS derivative financial instruments	10	(178,554)	-	-	-
Unrealized loss on Derivative financial instruments		21,503	30,061	-	-
De - recognition of customer relationship and goodwill		-	122,548	-	-
Deposit liability write back	10	(181,518)	3,239	-	-
Provision/(Reversal) for Inventories	29	25,668	40,163	-	-
Re classification of long - term loans	37	500,000	-	500,000	-
Exchange impact on translation of foreign operations		1,319,374	2,503,291	25,845	1,636
		12,248,027	17,731,492	755,263	200,062
		26,446,791	17,072,085	886,486	113,252
<b>Changes in</b>					
Inventories		(2,100,046)	(1,476,257)	-	-
Trade and other receivables		(1,911,505)	(1,364,805)	(12,370)	(1,210)
Amounts due from related companies		-	-	87,420	(137,139)
Trade and other payables		2,113,897	2,076,544	8,178	9,320
		24,549,137	16,307,567	969,714	(15,777)
Net cash movement in investments		372,660	(287,526)	6,889	-
<b>Cash generated from operations</b>		24,921,797	16,020,041	976,603	(15,777)
Interest paid		(6,957,656)	(6,370,412)	(246,309)	(193,296)
Income tax paid		(1,740,355)	(4,193,266)	-	(2,107)
Gratuity paid	40	(117,873)	(140,417)	-	-
<b>Net cash generated from/(used in) operating activities</b>		16,105,913	5,315,946	730,294	(211,180)

## Statement of Cash Flow

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2021	2020	2021	2020
<b>Cash flows from investing activities</b>					
Payments for property, plant & equipment/investment property	Note A	(7,259,406)	(6,240,075)	-	-
Payments for bearer plant development costs	20	(154,251)	(329,780)	-	-
Payments for intangible assets	23	(57,962)	(613,282)	-	-
Movement in non current VAT and other receivables		65,244	(789,962)	-	-
(Increase)/decrease in plasma investments		109,725	(292,781)	-	-
Net cash outflow from disposal of a subsidiary		(40,564)	(122,814)	-	-
Proceeds from disposal of property, plant & equipment and bearer plants		122,005	187,367	-	-
Deposits received	39	384,194	263,415	-	-
Deposits refunded	39	-	(21,463)	-	-
<b>Net cash used in investing activities</b>		<b>(6,831,015)</b>	<b>(7,959,375)</b>	-	-
<b>Cash flows from financing activities</b>					
Proceeds from long - term loans	37	1,484,241	48,325,332	-	-
Settlement of borrowings	37	(3,841,471)	(46,857,132)	(31,250)	-
Proceeds from issuance of shares of subsidiary		1,052,311	1,724,983	-	-
Payment of finance lease creditors	38	(480,861)	(365,125)	-	-
Settlement of debenture		-	(2,000,000)	-	-
Dividend paid to non - controlling shareholders by subsidiaries		(403,621)	(247,822)	-	-
Dividend paid by the Company		(145,252)	(204,783)	(145,252)	(204,783)
<b>Net cash generated from/(used in) financing activities</b>		<b>(2,334,653)</b>	<b>375,453</b>	<b>(176,502)</b>	<b>(204,783)</b>
<b>Net Increase/(decrease) in cash &amp; cash equivalents</b>		<b>6,940,245</b>	<b>(2,267,975)</b>	<b>553,792</b>	<b>(415,963)</b>
<b>Cash &amp; cash equivalents at the beginning of the year</b>	31	<b>(5,920,465)</b>	<b>(3,652,490)</b>	<b>(1,953,668)</b>	<b>(1,537,705)</b>
<b>Cash &amp; cash equivalents at the end of the year (Note 31)</b>	31	<b>1,019,780</b>	<b>(5,920,465)</b>	<b>(1,399,876)</b>	<b>(1,953,668)</b>
<b>Note A: Reconciliation of additions to property, plant and equipment - investment properties</b>					
Addition of property, plant and equipment and investment properties		8,981,475	6,867,041	-	-
Less: Interest capitalised into property, plant and equipment		(380,447)	(72,792)	-	-
Less: Addition of assets under finance lease		(521,148)	(554,174)	-	-
Less: Mill supplier creditors/accruals		(820,474)	-	-	-
		<b>7,259,406</b>	<b>6,240,075</b>	-	-

The Notes from pages 99 to 207 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

## 1. REPORTING ENTITY

Carson Cumberbatch PLC is a limited liability company which is incorporated in Sri Lanka. The shares of the Company have a primary listing on the Colombo Stock Exchange.

The registered office and principal place of business of the Company is located at No. 61, Janadhipathi Mawatha, Colombo 01.

The consolidated financial statements as at and for the year ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

In the opinion of Directors, Bukit Darah PLC is the ultimate parent and controlling entity of Carson Cumberbatch PLC.

The Group is a diversified conglomerate and one of the foremost business establishments in Sri Lanka backed by a heritage of well over 100 years. Today it is positioned as a company whose outlook is regional, focused on a future which is technology oriented, results driven and world class.

The businesses range from oil palm plantations and related oils & fats industry in Malaysia, India and Indonesia, to brewing, importing and distribution of alcoholic beverages, investment holdings, portfolio management, real estate and leisure in Sri Lanka. The Group has offices in Malaysia, Singapore, India and Indonesia.

The Group has 11 listed subsidiaries, listed on the Colombo Stock Exchange, out of the 51 subsidiaries, 1 Associate entity and 1 jointly controlled entity set out in Note (24) and (26) on pages 159 to 165 in the financial statements.

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

The Group had 13,492 (2020 - 14,014) employees at the end of the financial year. The Company had no employees as at the reporting date (2020 - Nil).

The consolidated financial statements were authorised for issue by the Board of Directors on 19th July 2021.

## 2. BASIS OF PREPARATION

### Statement of compliance

The consolidated financial statement of the Group and separate financial statement of the Company comprise the statement of financial position, income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with the notes to the financial statements.

The consolidated financial statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS I SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of Companies Act, No. 7 of 2007.

### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position;

- Derivative financial assets are measured at fair value;
- Non- derivative financial instruments classified fair value through profit or loss are measured at fair value;

- Fair value through OCI financial assets are measured at fair value;
- Biological assets are measured at fair value less costs to sell;
- Land and buildings are measured at revalued amounts;
- Defined benefit obligation are measured at its present value, based on an actuarial valuation as explained in Note (40).
- Investment properties are measured at fair value.

### Going Concern

In light of ongoing COVID-19 pandemic situation, the Group has assessed its going concern and a detailed disclosure of its assessment are provided in the financial statement. In preparing the financial statements for the year ended 31st March 2021, the management has assessed the possible effects of COVID-19 on the businesses of the Group to determine their ability to continue as a going concern. Based on currently available information, the management is satisfied that having taken into consideration factors that could impact the revenue, supply chain, cash flows, accessibility to funds & costs, the Group would continue as a going concern.

Consequent to giving due consideration to the presentations by management, the Directors are satisfied that the Group have adequate resources to continue as a going concern for a foreseeable future. The Group had positive net asset, working capital and cash flow positions as at the reporting date. Furthermore, 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 continue to be prepared on a going concern basis.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

### Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

### Materiality and aggregation

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

### Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### A. Judgements

Determination of owner-occupied properties and investment properties in determining whether a property qualifies as investment property the

Group makes a judgment whether the property generates independent cash flows rather than cash flows that are attributable not only to the property but also other assets. Judgment is also applied in determining if ancillary services provided are significant, so that a property does not qualify as investment property.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

#### B. Assumptions and estimation uncertainties:

##### Assessment of Impairment -

Key assumptions used in discounted cash flow projections.

The Group assesses at each reporting date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an Asset or Cash Generating Unit (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 present value using appropriate discount rates that reflects the current market assessments of the time value of money and risks specific to the asset. The carrying value of goodwill is reviewed at each reporting date and is written down to the extent that it is no longer supported by probable future benefits. Goodwill is allocated to CGU for the purpose of impairment testing.

#### Biological assets comprise fresh fruit bunches ('FFB')

Biological assets are stated at fair value less estimated costs to sell. Gains or losses arising on initial recognition of FFB at fair value less estimated costs to sell and from the changes in fair value less estimated costs to sell of

FFB at each reporting date are included in income statement for the period in which they arise.

The fair value of the FFB is measured by reference to estimated FFB quantities and publicly available index price set by government.

In determining the estimated FFB production quantities, the Group considers the estimated yield of the biological assets which is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

#### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts for the next 5 years.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses.

#### Defined benefit plans

The assessment of the liability of defined benefit obligations involves a significant element of assumptions; including discount rates, future salary increases, mortality rates and future pension increases and due to the long-term nature of these plans, such estimates are subject to uncertainty.

(Amounts expressed in Sri Lankan Rs. '000)

### Current taxation

Current tax liabilities arise to the Group in various jurisdictions. These liabilities are provided for in the financial statements applying the relevant tax statutes and regulations which the management believes reflect the actual liability. There can be instances where the stand taken by the Group on transactions is contested by revenue authorities.

Any additional costs on account of these issues are accounted for as a tax expense at the point the liability is confirmed on any group entity.

### Value added tax ("VAT") relating to plantation activities

The group Plantation sector has VAT receivables relating to input VAT incurred on its plantation activities to produce Fresh Fruit Bunches ("FFB") in Indonesia. Based on the government regulation, with effect from 1 January 2007, FFB has been classified as a Certain Strategic Taxable Good and is exempted from the input VAT. In consequence, input VAT in relation to activities in producing FFB cannot be credited against the sector's output VAT. Instead, such input VAT components should be charged as an expense.

Pursuant to a decision letter from the Supreme Court of the Republic of Indonesia on a Judicial Review over the above regulation, certain articles have been revoked. Effective from 22 July 2014, FFB is no longer classified as Strategic Taxable Good and is therefore subject to input VAT. As a result, input VAT in relation to activities in producing FFB can be claimed against the Group's output VAT.

### Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its

subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the capital structure of the company.

### Fair value of free hold land

Where the fair value of freehold land recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of freehold land. The valuation of freehold land is described in more detail in Note (19).

Estimation uncertainty in preparation of financial statements due to the post-lockdown economic implications of COVID-19 pandemic.

The post-lockdown implications have increased the uncertainty of estimates made in preparation of the Financial Statements. The estimation uncertainty is associated with:

- the extent and duration of the disruption to businesses arising from the actions of stakeholders such as government, businesses and customers
- the extent and duration of the expected economic downturn due to impact on GDP capital markets, credit risk of our customers, impact of unemployment and possible decline in consumer discretionary
- the effectiveness of government and central bank measures that have and will be put in place to support businesses through this disruption and economic downturn.

The significant accounting estimates impacted by these forecasts and associated uncertainties are related to expected credit losses and recoverable amount assessments of non-financial assets, recoverable value of property plant and equipment and net realisable value of inventory.

### Collectively assessed allowance for expected credit losses

The post-lockdown economic implications on the country's economy and how businesses and consumers respond to same are uncertain. There could be a possible increase in credit risk due to the loss of income by some of the businesses and the individuals who are our customers, which would delay the settlements of customer dues whilst the possibility of default also exists.

This uncertainty is reflected in the Group's assessment of expected credit losses from its credit portfolio which are subject to a number of management judgements and estimates. Judgements relevant to expected credit loss computations are further discussed in Note (43) to these financial statements.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 3. DETERMINATION OF FAIR VALUES

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

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows;

- **Level 1** - Quoted Prices (unadjusted) in active markets for identifiable assets and liabilities.
- **Level 2** - Inputs other than quoted price included in Level 1 that are observable from the asset or liability either directly (as prices) or indirectly (derived prices)
- **Level 3** - Inputs from the assets or liability that are not based on observable market data (unobservable inputs)

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

### 4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Amendments to SLFRS 16 Covid-19 Related Rent Concessions

The Group adopted COVID-19 - Related Rent Concessions - Amendments to SLFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee - i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1st April 2020.

The Group has initially adopted Definition of a Business (Amendments to SLFRS 3) and Interest Rate Benchmark Reform (Amendments to SLFRS 9, LKAS 39 and SLFRS 7) from 1 January 2020. A number of other new standards are also effective from 1 January 2020 but they do not have a material effect on the Group's financial statements.

The Group applied Definition of a Business (Amendments to SLFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 January 2020 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss accumulated in the cash flow hedging reserve that existed at 1 January 2020. The details of the accounting policies

are disclosed in Note xx. See also Note xx for related disclosures about risks and hedge accounting.

### 5. SIGNIFICANT ACCOUNTING POLICIES

The Group has constantly applied the following accounting policies to all periods presented in these Consolidated Financial Statement.

#### Basis of consolidation and business combinations

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31st March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee;
- Exposure, or rights, variable returns from its involvements with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Right arising from other contractual arrangements;
- The Group's voting right and potential voting right.

(Amounts expressed in Sri Lankan Rs. '000)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

### Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration

transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized 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.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets

acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition the Company continues to recognize the investment in subsidiary at cost.

The consolidated financial statements are prepared to a common financial year end of 31st March.

### Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value when the control is lost. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Any interest retained in the former subsidiary is measured at fair value;
- Recognises any surplus or deficit in profit or loss;

### Non-controlling interests (NCI)

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

### Financial year end

All companies in the Group have a common financial year which ends on 31st March, except the following.

Company	Nature of Relationship	Financial year end
Guardian	Jointly	31st
Acuity Asset Management Limited	Controlled entity	December

### Interest in equity accounted investee

The Group's interest in equity accounted investees comprise interest in associate and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, here by the Group has right to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition the consolidated financial statements includes the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. 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 unrealized gains, but only to the extent that there is no evidence of impairment.

### Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate as at reporting date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

(Amounts expressed in Sri Lankan Rs. '000)

differences are generally recognised in profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income:

- on investment in equity securities designated as at fair value through other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent the hedge is effective.

### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Sri Lanka Rupees at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sri Lanka Rupees at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the foreign operation is not a fully owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes

of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### Financial Instruments

#### Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Trade Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### Financial assets

#### Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at:

amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest.

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### Financial assets - Subsequently measurement and gains and losses

#### Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note (36) for derivatives designated as hedging instruments.

Financial assets at amortised cost  
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### Debt investments at FVOCI

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

(Amounts expressed in Sri Lankan Rs. '000)

gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

## Financial liabilities

### Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at 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 the 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.

### 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.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### 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.

### Derivative financial instruments, including hedge accounting

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.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses commodity swap contracts for its exposure to volatility in the commodity prices. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognized in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

### Impairment

#### Financial Assets

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

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the 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 assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets

carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

#### Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries

(Amounts expressed in Sri Lankan Rs. '000)

of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

#### Non-financial assets

The carrying amounts of the Group's non-financial assets (other than biological assets, investment property, 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. Goodwill and indefinite-lived intangible assets are tested annually for impairment. 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 discount 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 other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired

in a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

#### Non-current assets held for sale

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Comparatives in the statement of the financial position are not re-presented when a non-current assets is classified as held for sale. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

#### Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which;

- represent a separation major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

#### Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred.

Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Stated capital

#### Ordinary shares

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognised as an expense.

### Property, plant and equipment

#### Recognition and measurement

All items of property, plant equipment are initially recorded at cost. Where items of property, plant & equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date. Subsequent to the initial recognition of the asset at cost, the revalued property, plant & equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses.

The Group applies revaluation model to freehold properties and cost model to the remaining assets under property, plant & equipment which are stated at historical cost less accumulated depreciation less accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour;
- Any other cost directly attributable to bringing the assets to a working condition for their intended use;
- When the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

Capitalized borrowing cost;

- Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.
- When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

#### Revaluation of freehold properties

The freehold properties of the Group are carried at revalued amounts. Revaluation of these assets are carried out at least three (3) to five (5) years in order to ensure the book value every year reflect the realizable value of such assets, and are depreciated over the remaining useful lives of such assets, wherever applicable.

When an asset is revalued, any increase in the carrying amount is recognized in other comprehensive income and accounted in equity under revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances, the increase is recognized as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to that asset, in which case it is charged in other comprehensive income to the extent that the decrease does not exceed the amount held in the Revaluation surplus in respect of that same asset. The decrease recognized in other comprehensive income to reduce the amount accumulated in equity under revaluation reserve. Any balance

remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

#### Reclassification to investment property

When the use of a property changes from owner occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on this re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or Loss.

#### Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

#### Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows;

(Amounts expressed in Sri Lankan Rs. '000)

	No of Years
Land improvements	30
Buildings – Leased	20 – 42
Buildings - Freehold	20 – 42
Plant & machinery	5 – 27
Motor vehicles	4 – 5
Furniture, fittings & office Equipment	5 – 16
Computers	3 – 5
Returnable Containers	5
Cutlery, Crockery and glassware	5

Depreciation of an asset begins when it is available for use whereas depreciation of an asset 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.

### Disposal

The gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment are recognized net within Other Income in the Statement of Income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

### Returnable containers

Returnable containers of subsidiary Lion Brewery (Ceylon) PLC are classified under Property, Plant and Equipment. All purchases of returnable containers are recognised at cost and depreciated over a period of 5 years. In the event a returnable container breaks within the premises of the Company, the written down value, on a First in First

out (FIFO) basis, are charged to the Profit or Loss.

Empty bottles used for exports are recognised as an expense in the Profit or Loss at the time the export takes place.

Deposits are collected from the agents for the returnable containers in their possession and are classified under current liabilities as explained in Note (39). The said deposit will be refunded to the agent only upon the returning these returnable containers due to cessation of their operation or due to a contraction in sales.

### Capital Work-in-Progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital in progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

### Bearer Plants

Bearer plants comprise mature and immature oil palm plantations.

Immature Plantations are stated at acquisition cost which includes the cost incurred for field preparation, planting, fertilizing and maintenance, capitalization of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares.

No depreciation is provided during the immature period. The carrying values of the Immature Plantation are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

Mature plantations are measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on straight-line basis over estimated useful life of 22 years of the Mature Plantations and recognized in Profit or Loss Statement. Carrying values of the Mature Plantation are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate. Bearer plants are de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on glassware de-recognition of the bearer plant is included in profit or loss in the year the asset is de-recognised.

### Plasma advances

Costs incurred during the development of Plasma oil palm plantation area up to the productive stage of the oil palm plantation are capitalised as Plasma development costs in the Advances to Plasma account.

Once the Plasma oil palm plantation area reaches its productive stage, the area will be transferred to the Plasma farmers based on the agreed conversion amounts, which are generally determined at the inception date of the Plasma arrangement. The Plasma arrangement is based on an agreement between the relevant plantation company and a cooperative, which represents the Plasma farmers. The difference between the accumulated development costs of Plasma oil palm plantations and their conversion values is charged to the Income Statement.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Lease land rights

Land rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised over the period of the lease.

### Intangible assets and goodwill

#### Recognition and measurement

##### Goodwill

Goodwill arising on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see Note [23].

#### Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Goodwill is tested for impairment annually.

#### Customer relationships

Customer relationships acquired as part of business combination are initially recognised at their fair value at the date of acquisition and are subsequently carried at cost less accumulated amortisation and impairment. Customer relationships are amortised over 10 years and tested for impairment annually.

#### Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially

improved products and processes.

Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to in preparing the asset for its intended use, and capitalised borrowing costs.

Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

#### Software

All computer software costs incurred, licensed for use by the Group, are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses. These costs are amortised to the Statement of profit or loss using the straight line method over 3 to 10 years.

#### Brands

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

#### 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

Except for goodwill and brand intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows;

	No of Years
Customer relationship	10
Land rights	30
Software development cost and licenses	3 – 10

Amortisation methods, useful lives and residual value are reviewed at each reporting date and adjusted if appropriate.

#### Impairment

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

(Amounts expressed in Sri Lankan Rs. '000)

### Investment property

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods and services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-today servicing of an investment property.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions as at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the Investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the Statement of profit or loss in the year of retirement or disposal.

Transfers are made to/from investment property when, and only when, there is a change in use, evidenced by commencement/end of owner occupation, commencement of development with a view to sale, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property or inventories, the deemed cost of

property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant & equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is of income.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the Statement of profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

### Biological assets

Biological assets comprise of fresh fruit bunches ("FFB") of oil palm plantations which are measured at fair value less estimated costs to sell. The fair value of the FFB is measured by reference to estimated FFB quantities and publicly available index price set by Indonesian government. In determining the estimated FFB production quantities, the Group considers the estimated yield of the biological assets which is dependent on the age of the oil palm trees, the location, soil type and infrastructure. Any change in the estimates may affect the fair value of the FFB significantly. The management

review the assumptions and estimates periodically to identify any significant change in the fair value of FFB.

### Inventories

Inventories are measured at cost or net realizable value whichever is lower after making due allowance for obsolete and slow moving items, except for fresh fruit bunches which are valued at realized values.

The cost of inventories of the group;

Raw Material and Containers	Cost of purchase together with any incidental expenses
Work - in - progress	Raw material cost and a proportion of manufacturing expenses
Finished Goods	Raw material cost and manufacturing expenses in full
Food Items	Weighted average cost basis
Linen Stock	In the year of purchase at cost of purchase and in the second year in use at 25% of the Cost of purchase

### Employee benefits

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit or loss in the periods during which related services are rendered by employees.

### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans are 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. Any unrecognised past service costs and the fair value of any plan assets (if applicable) are deducted. All actuarial gain/(loss) are recognised in the Other Comprehensive Income.

The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The defined benefit plans are regulated at each of the geographical locations the Group operates in and the salient features of each of such plans are tabulated below;

#### Sri Lankan Subsidiaries

The subsidiaries are liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983.

The liability recognised in the Financial Statements in respect of defined benefit plans are the present value

of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out once in every year. The liability is not externally funded. All Actuarial gains or losses are recognised immediately in other comprehensive income.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

#### Indonesian Subsidiaries

The subsidiaries recognize an unfunded retirement benefits liability, relating to the settlement of termination, gratuity, compensation and other benefits set forth in Labour Law No. 13 year 2003 (Law No. 13/2003) based on an actuarial calculation by an independent actuary using the 'Projected Unit Credit Method'. All actuarial gain or losses are recognised immediately in other comprehensive income.

#### Malaysian Subsidiaries

The subsidiaries are liable to pay Retirement Gratuity where employees have served in the company's operations in Malaysia for more than five years and fulfilling the conditions in the Malaysian Agricultural Producers Association and National Union Plantation Worker's agreements. The resulting difference between brought forward provision at the beginning of the year, net of any payment made, and the carried forward provision at the end of a year, is dealt with in the Statement of Income. The gratuity liability is not funded.

The Group's subsidiary operations in Malaysia participate in the national pension scheme as defined by the law of the country. They make contributions

to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

### Provisions

A provision is 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of

(Amounts expressed in Sri Lankan Rs. '000)

one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

### Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

### Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

### Onerous contracts

A provision for onerous contracts are recognised when the expected benefits to be derived by the Group of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

### Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16. New definition is applicable for agreements entered after 1st April 2019

### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### Rights-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the

amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings 2 to 3 years

Motor vehicles 1 to 6 years

Heavy equipment 1 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Notes. The Group's right-of-use assets are presented within property, plant and equipment (Note (19)).

### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group's exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Loans and borrowings (see Note(38)).

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

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### Revenue

#### Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer. Determining the timing of the transfer of control at a point in time or over time require judgment.

The Group revenue represents sales to customers outside the Group and sales within the Group which are intended for internal consumption.

The following specific criteria are used for the purpose of recognition of revenue according to the timing of the performance obligations are met.

#### Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and sales taxes. Revenue recognised at the point in time when the control of goods and products is transferred customer with a right of return within a specified period, the Group considers the timing of recognition. Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

#### Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows;

- Servicing fees included in the price of the products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- Revenue from time and material contracts is recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

#### Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

#### Rental income

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

#### Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

#### Dividend income

Dividend income is recognised in statement of income on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex- dividend date.

#### Sale of fresh fruit bunches

Upon delivery and acceptance by customers.

#### Gain on disposal of financial assets (categorized as fair value through other comprehensive income/fair value through profit or loss)

Profits or losses on disposal of investments are accounted for in the Statement of Income on the basis of realized net profit.

(Amounts expressed in Sri Lankan Rs. '000)

### Other Income - on accrual basis

Net gains and losses of a revenue nature resulting from the disposal of property, plant & equipment have been accounted in the income Statement.

### Expenditure recognition

#### Operating expenses

All expenses incurred in day-to-day operations of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year. Provision is made for bad and doubtful debts, all known liabilities and depreciation on property, plant & equipment.

#### Finance income and finance costs

Finance income comprises interest income on funds invested, gains on the re-measurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that are recognised in the statement of profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, dividends on preference shares classified as liabilities, contingent consideration, losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities 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.

#### Income tax expense

Income Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in 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.

#### Current taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Current tax assets and liabilities are offset if certain criteria are met.

#### Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither

accounting nor taxable profit nor loss;

- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities 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; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the resumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, based on the level of future taxable profit forecasts and tax planning strategies.

### Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### Economic service charge (ESC)

As per the provisions of Economic Service Charge Act No. 13 of 2006 and amendments thereto ESC, is payable on "Liable Turnover" and is deductible from the income tax payments. Any unclaimed ESC can be carried forward and settled against the income tax payable within the three subsequent years. As per the notice published by the department of Inland Revenue on 29th November 2019, ESC was abolished with effective from 1st December 2019.

### Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales taxes incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amounts of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

As per the notice published by the department of Inland Revenue on 29th November 2019, NBT was abolished with effective from 1st December 2019.

### Earnings per share

The Group presents basic earnings per share (EPS) data 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.

### Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged.

### Events after the reporting period

All material and important events which occur after the Balance Sheet date have been considered and disclosed in Note (46).

### Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Company.

### Presentation

Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

Where appropriate, the significant accounting policies are disclosed in the succeeding notes.

### Offsetting Income and Expenses

Income and expenses are not offset unless required or permitted by accounting standards.

### Offsetting Assets and Liabilities

Assets and liabilities are offset and the net amount reported in the statement of financial position only where there is:

- A current enforceable legal right to offset the assets and the liability; and
- An intention to settle the liability simultaneously

### Director's responsibility

The Board of Directors is responsible for the preparation and presentation of the Financial Statements. This is more fully described under the relevant clause in the Directors' Report.

### Comparative Information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentations and to be comparable with those of the current year.

### Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank and in hand balances. Cash and bank balances are stated at recoverable values. There were no cash and cash equivalents held by the Group companies that were not available for use.

(Amounts expressed in Sri Lankan Rs. '000)

Bank overdrafts and short-term borrowings that are repayable on demand and forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

## 6. OPERATING SEGMENTS

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Additional disclosures on each of these segments are shown including the factors used to identify the reportable segments and the measurement basis of segment information.

## 7. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards are effective for annual periods beginning after 1st January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to SLFRS 16)
- Reference to Conceptual Framework (Amendments to SLFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)
- SLFRS 17 - Insurance Contracts and amendments to SLFRS 17 Insurance Contracts.
- Onerous Contracts- Cost of fulfilling a contract (Amendments to LKAS 37)
- Annual improvements to SLFRS 2018-2020

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 8 REVENUE

#### Revenue streams

The Group generates revenue primarily from Beverage sector, Oil palm plantation and Oils and fats segments. (Note 8 (a))

#### (i) Revenue Analysis

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
<b>Gross Revenue</b>	<b>119,065,425</b>	112,674,350	<b>469,748</b>	192,631
Taxes to the Government of Sri Lanka	(4,229,578)	(6,759,835)	-	-
<b>Net Revenue</b>	<b>114,835,847</b>	105,914,515	<b>469,748</b>	192,631
Revenue from contract with customers				
<b>Sale of Goods</b>	<b>147,076,434</b>	113,025,068	-	-
Investment income	1,694,329	953,011	<b>469,748</b>	192,631
Property rental income	280,420	296,001	-	-
Commission, support services fees & royalty fees	4,932,944	6,628,116	-	-
Hospitality services	197,879	596,879	-	-
	<b>7,105,572</b>	8,474,007	<b>469,748</b>	192,631
Net revenue before intra - group transactions	<b>154,182,006</b>	121,499,075	<b>469,748</b>	192,631
Less: Intra - group transactions	(39,346,159)	(15,584,560)	-	-
<b>Net Revenue</b>	<b>114,835,847</b>	105,914,515	<b>469,748</b>	192,631

#### Disaggregation of revenue from contract with customers.

Revenue from contracts with customers (including revenue related to the discontinued operations) is disaggregated by primary geographical market (Note 8 (iv)) and major products and services.

#### (ii) Operating Segments

##### Basis of segmentation

The Group's primary segment reporting format is Business segments and the secondary format is geographical segments. The risks and returns of the Group's operations are primarily determined by the nature of the different activities that the Group engages in, rather than the geographical location of these operations and are managed separately because they require different technology and marketing strategies.

This is reflected by the Group's organizational structure. Industry segment activities of the Group have been broadly classified into eight segments: Investment Holdings, Portfolio and Asset Management, Oil Palm Plantations, Beverage, Real-Estate, Leisure, Oils & fats and Management Services based on the nature of product or service rendered. The following summary describes the operations of each reportable segment.

Reportable Segment	Description of Operations
Investment Holdings	- Holding of strategic investments
Portfolio and Assets Management	- Investment and management of listed, private equity, fixed income and unit trust investments
Oil Palm Plantations	- Production and sale of palm oil, palm kernel and fresh fruit bunches to the domestic and international market
Oils & Fats	- Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate and confectionery, ice creams and creamer industries and cooking oil products to end consumers
Beverage	- Production and sale of Beer, Import & distribution of alcoholic beverages
Real Estate	- Letting office and warehouse premises on rent for commercial purposes
Leisure	- Hoteliering
Management Services	- Providing support services to the Group entities

(Amounts expressed in Sri Lankan Rs. '000)

## 8 REVENUE (Contd.)

Sales between segments are made at prices that approximate the market prices. Segment revenue, segment expenses and segment results include the transactions between industry segments. These transactions and any unrealized profits and losses are eliminated on consolidation. Segmental expenses are expenses that are directly attributed to a relevant segment or a portion of expenses that can be allocated on a reasonable basis as determined by the Management.

The Group's geographical segments are based on the location of the Group's assets and spread of operations. The activities of the Group have been broadly classified into six geographical segments, namely operations within Sri Lanka, Malaysia, Indonesia, Singapore and India. Sales to external customers are segmented based on the location of the seller. The principal operations of each geographical segments are as follows:

### Geographical Segment

#### Description of operations

Sri Lanka	- Investment holding, portfolio and assets management, production & sale of Beer, Import and distribution of alcoholic beverages, letting of office and warehouse premises for commercial purposes, hoteliering and management services.
Malaysia	- Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate & confectionery, ice creams and creamer industries and cooking oil products to end consumers and management services.
Indonesia	- Management Service, production and sale of palm oil and palm kernel to the domestic and international markets, production and sale of FFB.
Singapore	- Investment holding
India	- Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate & confectionery, ice creams and creamer industries and cooking oil products to end consumers. (Since discontinued)
Mauritius	- Portfolio and assets management

#### Principal categories of customers

The principal categories of customers for goods and services are corporate customers, government customers, wholesale customers and retail customers. The group's reportable segments are therefore as follows:

Investment Holding	- corporate customers
Portfolio and Asset Management	- corporate customers, retail customers
Oil Palm Plantations	- corporate customers
Oils & Fats	- corporate customers, retail customers
Beverage	- wholesale & retail customers
Real Estate	- corporate customers
Leisure	- corporate customers, retail customers
Management Services	- corporate customers

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 8 REVENUE (Contd.)

#### (iii) Operating segments - Information about reportable segments

##### (a) Primary/Business segmentation

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because the management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that are operating in the same industry.

For the year ended 31st March	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations	
	2021	2020	2021	2020	2021	2020
<b>Total revenue</b>	469,748	192,632	1,809,517	812,956	72,656,533	46,185,032
Intra segment revenue	-	-	(215,289)	(111,417)	(35,902,821)	(12,473,059)
<b>Segment revenue</b>	469,748	192,632	1,594,228	701,539	36,753,712	33,711,973
Inter segment revenue	(415,341)	(186,617)	-	-	(479,965)	(618,512)
<b>Revenue</b>	54,407	6,015	1,594,228	701,539	36,273,747	33,093,461
<b>Profit/(loss) from operations</b>	(28,854)	(73,364)	1,396,641	475,599	9,371,948	2,971,096
Other material non-cash items						
Foreign exchange (losses)/gains	(25,845)	(1,636)	122	112	1,462,871	(1,917,502)
Change in fair value of business assets	13,337	(4,916)	1,869,851	(1,810,135)	531,357	158,646
Impairment of business assets	-	-	-	-	-	-
	(41,362)	(79,916)	3,266,614	(1,334,424)	11,366,176	1,212,240
Net Finance cost	(242,755)	(193,510)	(59,089)	(27,842)	(4,792,361)	(5,057,455)
Share of profit/(loss) of equity accounted investee, (net of tax)	-	-	2,805	4,725	-	-
<b>Profit/(loss) before Income tax expenses</b>	(284,117)	(273,426)	3,210,330	(1,357,541)	6,573,815	(3,845,215)
<b>Income tax expenses</b>						
Current taxation	(4,590)	(11,060)	(55,137)	(35,932)	(2,014,495)	(341,686)
Deferred taxation	-	-	(1,624)	771	(541,883)	41,013
	(4,590)	(11,060)	(56,761)	(35,161)	(2,556,378)	(300,673)
<b>Profit/(loss) from continuing operations</b>	(288,707)	(284,486)	3,153,569	(1,392,702)	4,017,437	(4,145,888)
<b>Discontinued operation</b>						
Profit/(loss) from discontinued operation, net of tax	-	-	94,592	(30,090)	-	-
<b>Profit/(loss) for the year</b>	(288,707)	(284,486)	3,248,161	(1,422,792)	4,017,437	(4,145,888)
<b>Attributable to:</b>						
Owners of the Company	(288,707)	(284,486)	1,892,763	(826,548)	1,904,833	(2,171,637)
Non controlling interest	-	-	1,355,398	(596,244)	2,112,604	(1,974,251)
	(288,707)	(284,486)	3,248,161	(1,422,792)	4,017,437	(4,145,888)
Earnings/(loss) per ordinary share [Rs.]	(1.45)	(1.45)	9.64	(4.21)	9.70	(11.06)

##### (b) Summarised statement of cash flows

Cash flows from/(used in) operating activities	230,294	(211,180)	1,025,567	1,372,857	5,020,444	441,432
Cash flows from/(used in) investing activities	-	-	2,440	(160)	(4,011,590)	(4,659,499)
Cash flows from/(used in) financing activities	323,498	(204,783)	(1,065,338)	823,726	(1,789,227)	6,965,235
<b>Net increase/(decrease) in cash and cash equivalents</b>	553,792	(415,963)	(37,331)	2,196,423	(780,373)	2,747,169

##### (c) Other Information

Total cost incurred during the year to acquire Property, plant & equipment, Bearer Plants, Investments properties	-	-	1,384	563	7,700,302	4,889,312
Intangible assets (including land rights)	-	-	-	-	30,136	604,777
Depreciation	-	-	884	707	2,555,293	2,351,796
Amortization of intangible assets (including land rights)	-	-	4,444	4,446	295,574	264,161
Salaries, fees, wages and related expenses	20,994	18,480	74,866	72,306	7,750,019	7,485,895
Defined benefit plan expenses/Gratuity	-	-	3,085	2,495	201,687	220,731

Oils & Fats		Beverage		Real Estate		Leisure		Management Services		Group	
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
25,909,600	22,667,611	52,297,435	50,203,503	280,420	296,001	197,879	596,879	560,874	544,461	154,182,006	121,499,075
(269,872)	(214,154)	(1,125,281)	(988,141)	-	-	-	-	-	-	(37,513,263)	(13,786,771)
25,639,728	22,453,457	51,172,154	49,215,362	280,420	296,001	197,879	596,879	560,874	544,461	116,668,743	107,712,304
(367,981)	(436,780)	-	-	(24,937)	(27,792)	-	-	(544,672)	(528,088)	(1,832,896)	(1,797,789)
25,271,747	22,016,677	51,172,154	49,215,362	255,483	268,209	197,879	596,879	16,202	16,373	114,835,847	105,914,515
560,461	961,388	5,481,950	5,814,950	172,426	185,306	(206,112)	(51,635)	(6,533)	25,235	16,741,927	10,308,578
374,038	1,173	44,055	21,310	-	-	-	185	-	-	1,855,241	(1,896,358)
-	-	-	155,609	62,331	9,009	-	440	-	-	2,476,876	(1,491,347)
-	-	(609,342)	(740,315)	-	-	-	-	-	-	(609,342)	(740,315)
934,499	962,561	4,916,663	5,251,554	234,757	194,315	(206,112)	(51,010)	(6,533)	25,235	20,464,702	6,180,558
(423,989)	(654,926)	(632,156)	(757,309)	11,798	13,757	(2,342)	4,520	(1,243)	(688)	(6,142,137)	(6,673,453)
(21,581)	6,626	-	-	-	-	-	-	-	-	(18,776)	11,351
488,929	314,261	4,284,507	4,494,245	246,555	208,072	(208,454)	(46,490)	(7,776)	24,547	14,303,789	(481,544)
(1,008)	4,073	(1,893,512)	(1,824,397)	(46,276)	(51,361)	(3,714)	(925)	(5,215)	(3,724)	(4,023,947)	(2,265,012)
(176,757)	(96,593)	43,511	149,726	169,212	(5,085)	32,079	6,173	852	(2,152)	(474,610)	93,853
(177,765)	(92,520)	(1,850,001)	(1,674,671)	122,936	(56,446)	28,365	5,248	(4,363)	(5,876)	(4,498,557)	(2,171,159)
311,164	221,741	2,434,506	2,819,574	369,491	151,626	(180,089)	(41,242)	(12,139)	18,671	9,805,232	(2,652,703)
(189,210)	222,533	-	-	-	-	-	-	-	-	(94,618)	192,443
121,954	444,274	2,434,506	2,819,574	369,491	151,626	(180,089)	(41,242)	(12,139)	18,671	9,710,614	(2,460,260)
16,390	324,555	1,115,799	1,306,782	353,957	141,962	(162,045)	(37,110)	(12,139)	18,671	4,820,851	(1,527,808)
105,564	119,719	1,318,707	1,512,792	15,534	9,664	(18,044)	(4,132)	-	-	4,889,763	(932,452)
121,954	444,274	2,434,506	2,819,574	369,491	151,626	(180,089)	(41,242)	(12,139)	18,671	9,710,614	(2,460,260)
0.08	1.65	5.68	6.65	1.80	0.72	(0.83)	(0.19)	(0.06)	0.10	24.55	(7.78)
848,090	407,155	5,688,561	1,964,068	77,604	57,691	(115,327)	58,646	71,812	(45,840)	16,105,913	5,315,946
(145,029)	(113,608)	(157,919)	(647,747)	(77,592)	(1,990)	(14,693)	(41,441)	(4,627)	(88,433)	(6,831,015)	(7,959,375)
(76,979)	102,263	(8,025,983)	196,473	(172,621)	100,000	37,753	90,787	(39,176)	151,748	(2,334,653)	375,453
626,082	395,810	(2,495,341)	1,512,794	(172,609)	155,701	(92,267)	107,992	28,009	17,475	6,940,245	(2,267,976)
190,096	157,576	1,210,596	1,971,482	21,828	37,621	6,514	79,963	5,006	60,304	9,135,726	7,196,821
629	1,078	27,197	5,747	-	-	-	1,680	-	-	57,962	613,282
453,763	454,085	1,393,754	1,302,357	7,078	8,687	83,622	85,536	19,752	15,903	4,514,146	4,219,071
19,864	31,723	7,437	4,850	-	-	336	-	191	222	327,846	305,402
1,137,190	1,092,414	994,630	940,953	45,853	57,144	116,074	197,939	428,082	358,288	10,567,708	10,223,419
-	-	43,030	40,826	737	642	5,385	4,526	14,440	10,789	268,364	280,009

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 8 REVENUE (Contd.)

For the year ended 31st March	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations	
	2021	2020	2021	2020	2021	2020

#### SEGMENT ASSETS

##### Non - Current Assets

Fixed assets*	-	-	2,541	2,041	70,358,475	56,718,103
Intangible assets (Including land rights)	-	-	189,779	194,224	7,130,748	6,435,447
Financial assets measured at fair value through other comprehensive income/equity accounted investee/Unit trusts	2,068,161	1,128,943	6,791,633	3,731,724	-	-
Deferred tax assets	-	-	2,447	3,544	3,450,091	3,237,686
Other financial receivables	-	-	-	-	-	-
Other non financial receivables	-	-	-	-	9,441,434	8,671,512
<b>Total non - current assets</b>	<b>2,068,161</b>	<b>1,128,943</b>	<b>6,986,400</b>	<b>3,931,533</b>	<b>90,380,748</b>	<b>75,062,748</b>

##### Current Assets

Inventories/biological assets	-	-	-	-	5,176,264	3,348,299
Trade debtors and other financial assets	10,158	-	208,388	14,470	2,559,377	1,974,353
Other non financial receivables	8,364	12,997	77,215	58,324	7,471,993	6,102,455
Financial assets measured at fair value through profit or loss	90,581	84,131	9,862,924	8,277,201	190,596	2,167
Cash and cash equivalents	903,460	305,724	2,491,466	2,783,992	4,063,252	4,607,711
<b>Total current assets</b>	<b>1,012,563</b>	<b>402,852</b>	<b>12,639,993</b>	<b>11,133,987</b>	<b>19,461,482</b>	<b>16,034,985</b>
Assets held for sale	-	-	787,937	-	-	-
<b>Total segmental assets</b>	<b>3,080,724</b>	<b>1,531,795</b>	<b>20,414,330</b>	<b>15,065,520</b>	<b>109,842,230</b>	<b>91,097,733</b>

#### SEGMENT LIABILITIES

##### Non - Current Liabilities

Loans and borrowings	343,750	-	-	-	48,300,400	47,737,744
Other financial payables	-	-	-	-	1,924,535	1,227,608
Other non financial liabilities	-	-	12,615	10,834	1,272,218	854,096
Deferred tax liabilities	-	-	-	-	3,431,912	2,775,427
<b>Total non - current liabilities</b>	<b>343,750</b>	<b>-</b>	<b>12,615</b>	<b>10,834</b>	<b>54,929,065</b>	<b>52,594,875</b>

##### Current Liabilities

Trade and other financial liabilities	211,249	179,720	110,518	113,067	11,711,676	9,631,650
Loans and borrowings	2,433,178	2,267,786	217,831	1,059,384	11,982,433	11,314,037
<b>Total current liabilities</b>	<b>2,644,427</b>	<b>2,447,506</b>	<b>328,349</b>	<b>1,172,451</b>	<b>23,694,109</b>	<b>20,945,687</b>
<b>Total segmental liabilities</b>	<b>2,988,177</b>	<b>2,447,506</b>	<b>340,964</b>	<b>1,183,285</b>	<b>78,623,174</b>	<b>73,540,562</b>

\*Fixed assets include Property, Plant and Equipments, Bearer Plants, Right to use Assets and Investment Properties.

(Amounts expressed in Sri Lankan Rs. '000)

Oils & Fats		Beverage		Real Estate		Leisure		Management Services		Group	
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
8,179,474	7,725,052	19,595,768	20,012,272	4,554,195	4,298,393	2,306,999	2,001,459	52,896	67,645	105,050,348	90,824,965
1,276,476	1,271,532	1,534,480	1,951,701	27,584	27,584	1,344	1,680	530	721	10,160,941	9,882,889
606,683	580,267	-	-	-	-	-	-	-	-	9,466,478	5,440,934
-	-	23,860	6,446	-	-	-	-	19,792	17,063	3,496,190	3,264,739
-	-	-	-	-	-	24,759	24,759	-	-	24,759	24,759
-	-	-	-	-	-	-	-	-	-	9,441,434	8,671,512
10,062,633	9,576,851	21,154,108	21,970,419	4,581,779	4,325,977	2,333,102	2,027,898	73,218	85,429	137,640,150	118,109,798
3,656,568	3,282,450	3,785,666	3,091,561	-	-	18,515	25,317	108	134	12,637,121	9,747,761
3,259,162	2,681,874	837,426	828,789	64,238	35,762	28,549	43,680	192	501	6,967,490	5,579,429
309,909	476,716	962,915	1,056,083	111,310	135,220	5,628	12,488	39,583	61,598	8,986,917	7,915,882
-	12,279	-	-	5,343	47,540	16,270	34,706	-	-	10,165,714	8,458,024
1,390,255	672,291	9,698,556	13,364,350	409,736	419,024	137,691	189,806	71,306	43,350	19,165,722	22,386,248
8,615,894	7,125,610	15,284,563	18,340,783	590,627	637,546	206,653	305,997	111,189	105,583	57,922,964	54,087,344
723,161	690,532	-	-	-	-	-	-	-	-	1,511,098	690,532
19,401,689	17,392,993	36,438,671	40,311,202	5,172,406	4,963,523	2,539,755	2,333,895	184,407	191,012	197,074,212	172,887,674
2,960,308	3,377,060	3,080,487	2,358,750	-	-	137,166	109,623	-	-	54,822,111	53,583,177
-	-	-	-	88,862	73,163	-	-	-	-	2,013,397	1,300,771
-	-	243,170	207,333	4,448	3,201	28,783	22,287	88,193	67,745	1,649,427	1,165,496
568,289	358,014	5,106,714	5,135,106	925,479	1,018,426	221,666	200,515	-	-	10,254,060	9,487,488
3,528,597	3,735,074	8,430,371	7,701,189	1,018,789	1,094,790	387,615	332,425	88,193	67,745	68,738,995	65,536,932
2,407,107	2,458,707	6,500,263	3,754,965	198,187	217,985	94,617	121,517	136,436	9,608	21,370,053	16,487,219
8,510,662	7,025,001	4,600,394	13,798,515	21,006	100,337	119,136	93,999	-	18,500	27,884,640	35,677,559
10,917,769	9,483,708	11,100,657	17,553,480	219,193	318,322	213,753	215,516	136,436	28,108	49,254,692	52,164,778
14,446,366	13,218,782	19,531,028	25,254,669	1,237,982	1,413,112	601,368	547,941	224,629	95,853	117,993,687	117,701,710

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 8 REVENUE (Contd.)

#### (iv) Operating segments - Information about reportable segments

##### (a) Secondary/Geographical segments

For the year ended 31st March	Sri Lanka		Malaysia	
	2021	2020	2021	2020
<b>Revenue</b>	<b>53,315,030</b>	<b>50,840,283</b>	<b>25,271,746</b>	<b>22,016,676</b>
Profit/(loss) from operations	6,801,454	6,388,873	561,136	961,871
Other material non-cash items				
Foreign exchange (losses)/gains	41,282	54,405	344,790	41,545
Change in fair value of business assets	1,945,519	(1,649,993)	-	-
Impairment of business assets	(609,342)	(740,315)	-	-
<b>Profit/(loss) from operations</b>	<b>8,178,913</b>	<b>4,052,970</b>	<b>905,926</b>	<b>1,003,416</b>
Net Finance cost	(933,770)	(960,340)	(423,842)	(654,818)
Share of profit/(loss) of equity accounted investee, (net of tax)	2,805	4,725	(21,581)	6,626
<b>Profit/(loss) before Income tax expenses</b>	<b>7,247,948</b>	<b>3,097,353</b>	<b>460,503</b>	<b>355,224</b>
<b>Income tax expenses</b>				
Current taxation	(2,011,117)	(1,937,247)	(1,055)	(41)
Deferred taxation	249,111	149,344	(176,756)	(96,594)
	(1,762,006)	(1,787,903)	(177,811)	(96,635)
<b>Profit/(loss) from continuing operations</b>	<b>5,485,942</b>	<b>1,309,450</b>	<b>282,692</b>	<b>258,589</b>
<b>Discontinued operation</b>				
Profit/(loss) from discontinued operation, net of tax	94,592	(30,090)	-	367,856
<b>Profit/(loss) for the year</b>	<b>5,580,534</b>	<b>1,279,360</b>	<b>282,692</b>	<b>626,445</b>
<b>(c) Other Information</b>				
Total cost incurred during the year to acquire Property, plant & equipment, Bearer Plants, Investments properties	1,247,580	2,155,029	190,096	158,284
Intangible assets (including land rights)	49,083	8,083	629	1,078
Depreciation	1,520,905	1,429,349	453,763	454,105
Amortization of intangible assets (including land rights)	40,018	38,265	19,864	31,723
Salaries, fees, wages and related expenses	2,087,352	2,105,885	1,121,535	1,092,414
Defined benefit plan expenses/Gratuity	74,063	65,812	-	-

(Amounts expressed in Sri Lankan Rs. '000)

Indonesia		Singapore		Mauritius		Discontinued operations India		Group	
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
36,969,785	32,211,328	(727,433)	845,392	6,719	836	-	-	114,835,847	105,914,515
9,438,216	2,436,653	(49,968)	525,902	(8,911)	(4,721)	-	-	16,741,927	10,308,578
289,083	(1,060,996)	1,180,086	(931,312)	-	-	-	-	1,855,241	(1,896,358)
531,357	158,646	-	-	-	-	-	-	2,476,876	(1,491,347)
-	-	-	-	-	-	-	-	(609,342)	(740,315)
10,258,656	1,534,303	1,130,118	(405,410)	(8,911)	(4,721)	-	-	20,464,702	6,180,558
(2,206,909)	(3,430,584)	(2,586,470)	(1,628,277)	8,854	566	-	-	(6,142,137)	(6,673,453)
-	-	-	-	-	-	-	-	(18,776)	11,351
8,051,747	(1,896,281)	(1,456,352)	(2,033,687)	(57)	(4,155)	-	-	14,303,789	(481,544)
(2,011,775)	(339,864)	-	12,140	-	-	-	-	(4,023,947)	(2,265,012)
(546,965)	41,103	-	-	-	-	-	-	(474,610)	93,853
(2,558,740)	(298,761)	-	12,140	-	-	-	-	(4,498,557)	(2,171,159)
5,493,007	(2,195,042)	(1,456,352)	(2,021,547)	(57)	(4,155)	-	-	9,805,232	(2,652,703)
-	-	-	-	-	-	(189,210)	(145,323)	(94,618)	192,443
5,493,007	(2,195,042)	(1,456,352)	(2,021,547)	(57)	(4,155)	(189,210)	(145,323)	9,710,614	(2,460,260)
7,698,050	4,795,393	-	88,115	-	-	-	-	9,135,726	7,196,821
6,002	604,121	2,248	-	-	-	-	-	57,962	613,282
2,504,015	2,267,470	35,463	35,453	-	-	-	32,694	4,514,146	4,219,071
267,964	235,414	-	-	-	-	-	-	327,846	305,402
7,021,380	6,680,705	321,786	344,416	-	-	15,655	-	10,567,708	10,223,419
194,301	214,197	-	-	-	-	-	-	268,364	280,009

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 8 REVENUE (Contd.)

#### (c) Segments Assets/Liabilities are as follows:

For the year ended 31st March	Sri Lanka		Malaysia	
	2021	2020	2021	2020
<b>Segment Assets</b>				
<b>Non - Current Assets</b>				
Fixed assets*	26,524,326	26,407,007	8,179,473	7,725,052
Intangible assets (Including land rights)	1,829,484	2,257,402	1,276,476	1,271,532
Financial assets measured at fair value through other comprehensive income/equity accounted investee/Unit trusts	8,859,794	4,860,668	606,683	580,267
Deferred tax assets	46,099	27,930	-	-
Other financial receivables	24,759	24,759	-	-
Other non financial receivables	-	-	-	-
<b>Total non - current asset</b>	<b>37,284,462</b>	<b>33,577,766</b>	<b>10,062,632</b>	<b>9,576,851</b>
<b>Current Assets</b>				
Inventories/Biological assets	3,804,289	3,117,012	3,559,448	3,282,450
Trade debtors and other financial assets	1,151,832	935,711	3,175,104	2,546,541
Other non financial receivables	1,239,476	1,440,076	249,776	446,430
Financial assets measured at fair value through profit or loss	9,619,358	8,443,578	-	12,278
Cash and cash equivalents	13,573,270	16,566,738	1,080,903	658,286
<b>Total current assets</b>	<b>29,388,225</b>	<b>30,503,115</b>	<b>8,065,231</b>	<b>6,945,985</b>
Assets held for sales	787,937	-	-	-
<b>Total segmental assets</b>	<b>67,460,624</b>	<b>64,080,881</b>	<b>18,127,864</b>	<b>16,522,836</b>
<b>SEGMENT LIABILITIES</b>				
<b>Non - Current Liabilities</b>				
Loans and borrowings	3,561,404	2,468,373	2,960,308	3,377,060
Other financial payables	88,862	73,163	-	-
Other non financial liabilities	405,939	334,977	-	-
Deferred tax liabilities	6,253,859	6,360,006	568,289	358,014
<b>Total non - current liabilities</b>	<b>10,310,064</b>	<b>9,236,519</b>	<b>3,528,597</b>	<b>3,735,074</b>
<b>Current Liabilities</b>				
Trade and other financial liabilities	7,458,423	4,627,512	2,369,581	2,353,879
Loans and borrowings	7,391,546	17,338,522	6,389,996	5,006,271
<b>Total current liabilities</b>	<b>14,849,969</b>	<b>21,966,034</b>	<b>8,759,577</b>	<b>7,360,150</b>
<b>Total segmental liabilities</b>	<b>25,160,033</b>	<b>31,202,553</b>	<b>12,288,174</b>	<b>11,095,224</b>

\*Fixed assets include Property, Plant and Equipments, Bearer Plants, Right to use Assets and Investment Properties.

(Amounts expressed in Sri Lankan Rs. '000)

Indonesia		Singapore		Mauritius		Discontinued operations India		Group	
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
70,300,937	56,613,902	45,612	79,004	-	-	-	-	105,050,348	90,824,965
7,052,599	6,353,955	2,382	-	-	-	-	-	10,160,941	9,882,889
-	-	-	-	-	-	-	-	9,466,477	5,440,935
3,450,090	3,236,809	-	-	-	-	-	-	3,496,190	3,264,739
-	-	-	-	-	-	-	-	24,759	24,759
9,441,434	8,671,512	-	-	-	-	-	-	9,441,434	8,671,512
90,245,060	74,876,178	47,994	79,004	-	-	-	-	137,640,150	118,109,798
5,176,264	3,348,299	-	-	-	-	97,120	-	12,637,121	9,747,761
2,551,433	1,556,568	5,063	400,442	-	-	84,058	140,167	6,967,490	5,579,429
7,373,375	5,931,255	16,038	67,343	48,526	854	59,726	29,923	8,986,917	7,915,882
-	-	190,638	2,168	355,718	-	-	-	10,165,714	8,458,024
1,469,027	1,154,183	2,234,213	3,133,395	496,838	854,990	311,471	18,656	19,165,722	22,386,248
16,570,099	11,990,305	2,445,952	3,603,348	901,082	855,844	552,375	188,746	57,922,964	54,087,344
-	-	-	-	-	-	723,161	690,532	1,511,098	690,532
106,815,159	86,866,483	2,493,946	3,682,352	901,082	855,844	1,275,536	879,278	197,074,212	172,887,674
30,985,077	30,150,409	17,315,322	17,587,335	-	-	-	-	54,822,111	53,583,177
820,474	-	1,104,061	1,227,608	-	-	-	-	2,013,397	1,300,771
1,243,488	830,519	-	-	-	-	-	-	1,649,427	1,165,496
3,431,912	2,769,468	-	-	-	-	-	-	10,254,060	9,487,488
36,480,951	33,750,396	18,419,383	18,814,943	-	-	-	-	68,738,995	65,536,932
10,861,844	9,073,243	637,180	325,663	5,920	1,677	37,105	105,245	21,370,053	16,487,219
1,918,428	4,016,433	10,064,004	7,297,602	-	-	2,120,666	2,018,731	27,884,640	35,677,559
12,780,272	13,089,676	10,701,184	7,623,265	5,920	1,677	2,157,771	2,123,976	49,254,692	52,164,778
49,261,223	46,840,072	29,120,567	26,438,208	5,920	1,677	2,157,771	2,123,976	117,993,687	117,701,710

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

<b>9 DIRECT OPERATING EXPENSES</b>		Group	
For the year ended 31st March	2021	2020	
Cost of inventories recognised as expense – physical deliveries	5,365,549	8,839,663	
Depreciation and overheads	10,092,892	9,583,016	
Harvesting and plantation maintenance	8,434,898	9,812,900	
Processing (milling) costs	1,250,173	1,542,790	
Purchase of Fresh Fruit Bunches	5,793,275	5,809,892	
Production and feedstock costs	19,869,608	15,345,431	
Excise Duty paid to the government of Sri Lanka	30,646,315	29,233,357	
Others	2,543,824	160,049	
	<b>83,996,534</b>	<b>80,327,098</b>	
<b>10 OTHER INCOME/OTHER OPERATING EXPENSES</b>			
<b>10.1 Other Income</b>			
For the year ended 31st March	2021	2020	Group
Gain on disposal of fixed assets:			
Beverage	3,995	16,703	
Oil Palm Plantations	3,244	2,904	
Oil & Fats	-	2,222	
Leisure	-	(177)	
Management Services	-	4,956	
	<b>7,239</b>	<b>26,608</b>	
Net unrealised fair value gain on RCPS derivative financial instruments	178,554	-	
Plasma management fee	73,185	78,888	
Plasma interest income	680,557	644,319	
Sale of Roundtable on Sustainable Palm Oil certificate	27,350	75,482	
Sale of sludge Oil	192,884	177,867	
Deposit liability write back	181,518	-	
Income from Co2 Sale	75,420	71,174	
Sundry income	356,850	205,637	
	<b>1,773,557</b>	<b>1,279,975</b>	
<b>10.2 Other Operating Expenses</b>			
For the year ended 31st March	2021	2020	Group
Amortisation of Customer Relationship	17,440	18,828	
De - recognition of goodwill	-	119,771	
De - recognition of customer relationship	-	2,777	
Realised fair value loss on derivative financial instruments	-	219,094	
Unrealised fair value loss on derivative financial instruments	21,503	30,061	
Other operating expenses	541,055	517,623	
	<b>579,998</b>	<b>908,154</b>	

(Amounts expressed in Sri Lankan Rs. '000)

## 11 IMPAIRMENT OF BUSINESS ASSETS

For the year ended 31st March	Group	
	2021	2020
Brand (Note 23(d))	449,084	740,315
Property, plant & equipment (Note 19(e))	160,258	-
	609,342	740,315

\*The management of Milers Brewery Limited evaluated the recoverable value of its plant & Machinery as at 31st March 2021 on the basis of their recoverable values if disposed as scrap, since there is no plan or intention to use these items for operational purposes. As a result an impairment Rs 160.25 Mn has been charged to the Income statements.

## 12 FOREIGN EXCHANGE GAINS/(LOSSES)

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
Foreign exchange gains/ (losses)	1,855,241	(1,896,358)	(25,845)	(1,636)

### (a) Company

As at 31st March 2021, the Company recorded a foreign exchange loss amounting to Rs. 25.84 Mn (2020 - loss of Rs. 1.6 Mn), arising mainly from translation of Sterling Pound denominated liability (Note 39 (d)).

### (b) Oil Palm plantations and Oils and fats segments

The foreign exchange gain/(loss) relates to the assets, liabilities, income and expenses of the Goodhope Asia Holdings Limited and its subsidiaries whose certain transactions and balances are recorded in different currencies other than reporting currency of each such subsidiary.

For the year ended 31st March 2021, Goodhope Asia Holding Limited group recorded a foreign exchange gain of Rs 1,836 Mn (2020 - loss of Rs. 1,916 Mn). The unrealized exchange gain mainly arose from the translation of foreign currency denominated long term borrowings as at the balance sheet date consequent to appreciation of the Indonesian rupiah (IDR) against the US dollar (USD) throughout the year.

The closing exchange rate of IDR against USD as at 31st March 2021 was IDR 14,572 which is a 11% appreciation compared to the closing exchange rate that prevailed as at 31st March, 2020 which is 16,367.

## 13 NET FINANCE COSTS

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
<b>Finance income from:</b>				
Interest income - Fixed Deposits	590,677	984,329	-	-
Interest income - Other Deposits	136,527	29,882	-	-
<b>Total finance income</b>	<b>727,204</b>	<b>1,014,211</b>	<b>-</b>	<b>-</b>
<b>Finance Costs on:</b>				
Bank borrowings	(7,116,562)	(7,576,256)	(242,755)	(193,510)
Debenture interest	-	(125,299)	-	-
Unwinding of interest on refundable deposits	(8,220)	(8,065)	-	-
Interest expenses on lease liabilities	(125,006)	(100,232)	-	-
	(7,249,788)	(7,809,852)	(242,755)	(193,510)
<b>Less: Amount capitalized under</b>				
Property, plant and equipment	(380,447)	(72,792)	-	-
Bearer Plants	-	(49,395)	-	-
	(380,447)	(122,187)	-	-
<b>Total finance costs</b>	<b>(6,869,341)</b>	<b>(7,687,665)</b>	<b>(242,755)</b>	<b>(193,510)</b>
<b>Net Finance costs</b>	<b>(6,142,137)</b>	<b>(6,673,453)</b>	<b>(242,755)</b>	<b>(193,510)</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

14 PROFIT/(LOSS) BEFORE INCOME TAX EXPENSES	Group		Company	
	2021	2020	2021	2020
For the year ended 31st March				
<b>Profit/(loss) before tax has been arrived at after charging</b>				
Auditors' remuneration and other professional services (Note b)	78,753	85,230	1,413	1,383
Professional services (Note c)	238,496	363,130	12,055	8,871
Personnel costs (Note d)	10,836,072	10,503,428	20,994	18,480
Audit committee fees	2,940	3,360	2,940	3,360
Remuneration committee Fees	200	200	200	200
Nomination committee Fees	250	250	200	200
Related Party Transaction Review Committee fees	900	900	900	900
Donations	15,500	-	-	-
Royalty paid to the Carlsberg A/S	142,792	165,446	-	-
Research and development costs	79,613	100,761	-	-
Depreciation on property, plant and equipment, bearer plants	6,482,381	6,087,530	-	-
Less - Amount capitalised as part of cost of bearer plants	-	(13,330)	-	-
Depreciation on property, plant and equipment, bearer plants- net	6,482,381	6,074,200	-	-
Amortization of intangible assets and prepaid lease payment for land	327,846	305,402	-	-
Less - Amount capitalised as part of cost of bearer plants	-	(7,864)	-	-
Net amortization of intangible assets and prepaid lease payment for lands	327,846	297,538	-	-
Total depreciation and amortization included in the income statement (Note a)	6,810,227	6,371,738	-	-
<b>(a) Depreciation and amortization are included in the income statement under the following headings</b>				
Direct operating expenses	4,740,054	3,658,112	-	-
Administrative expenses	2,002,836	2,648,364	-	-
Distribution expenses	67,337	65,262	-	-
	6,810,227	6,371,738	-	-
<b>(b) Auditors' Remuneration and other professional services</b>				
Fees payable to KPMG for the audit of annual accounts of Carson Cumberbatch PLC	1,313	1,313	1,313	1,313
Fees payable to KPMG for the audit of subsidiaries of Carson Cumberbatch PLC	8,981	10,820	-	-
Fees payable to other Auditors for the audit of Subsidiaries of Carson Cumberbatch PLC	67,715	66,158	-	-
Total statutory audit fees	78,009	78,291	1,313	1,313
<b>Non audit services</b>				
Advisory/compliance services - (Other Auditors)	-	2,869	-	-
Advisory services - (KPMG Sri Lanka)	150	3,558	-	-
	150	6,427	-	-
<b>Audit related services</b>				
KPMG Sri Lanka	594	512	100	70
Other Auditors	-	-	-	-
	594	512	100	70
	78,753	85,230	1,413	1,383

(Amounts expressed in Sri Lankan Rs. '000)

#### 14 PROFIT/(LOSS) BEFORE INCOME TAX EXPENSES (Contd.)

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
<b>(c) Professional Services</b>				
Legal services	41,775	80,137	12,055	8,871
Valuation services	29,903	25,446	-	-
Consultation fees	2,451	24,885	-	-
Plantation consultant services	47,532	133,392	-	-
Other services	116,835	99,270	-	-
	<b>238,496</b>	<b>363,130</b>	<b>12,055</b>	<b>8,871</b>
<b>(d) Personnel Costs</b>				
Salaries, fees, wages and other related expenses	9,878,999	9,633,692	20,994	18,480
Defined contribution plan expenses - EPF & ETF	688,709	589,727	-	-
Defined benefit plan expenses - Gratuity (Note 40)	268,364	280,009	-	-
	<b>10,836,072</b>	<b>10,503,428</b>	<b>20,994</b>	<b>18,480</b>
The above include:				
Directors fees	46,841	42,637	20,994	18,480
Directors' emoluments	965,144	943,364	-	-
	<b>1,011,985</b>	<b>986,001</b>	<b>20,994</b>	<b>18,480</b>
<b>(e) The number of employees during the year were:</b>				
	Group			
	2021		2020	
	Year end	Average	Year end	Average
<b>Employee by Industry</b>				
Portfolio and assets management	23	23	23	23
Oil palm plantations/Oils and fats	12,931	13,170	13,409	13,383
Beverage	241	239	237	237
Real Estate	18	19	19	19
Leisure	235	259	283	291
Management services	44	44	43	44
	<b>13,492</b>	<b>13,753</b>	<b>14,014</b>	<b>13,997</b>
<b>Employees by geographical location</b>				
Sri Lanka	674	695	715	731
Malaysia	251	245	239	242
Indonesia	12,512	12,784	13,055	13,018
India	50	25	-	3
Singapore	5	5	5	3
	<b>13,492</b>	<b>13,753</b>	<b>14,014</b>	<b>13,997</b>

There were no employees at Carson Cumberbatch PLC during the year (2020 - Nil).

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

15 INCOME TAX EXPENSES	For the year ended 31st March	Group		Company	
		2021	2020	2021	2020
<b>(a) Income statement</b>					
<b>(i) Current taxation</b>					
Charge for the year	4,024,326	2,379,048	-	-	
Economic service charge/write-off	4,590	6,416	4,590	6,416	
Over provision for previous years	(4,969)	(161,625)	-	-	
Dividend tax on intercompany dividends	-	41,173	-	-	
	4,023,947	2,265,012	4,590	6,416	
<b>(ii) Deferred Taxation</b>					
Origination of temporary differences in the current year (Note 15 (b))	474,610	(93,853)	-	-	
	474,610	(93,853)	-	-	
Total Income tax expense on continuing operations	4,498,557	2,171,159	4,590	6,416	
Income tax expenses may be analysed as follows:					
<b>Current Taxation</b>					
Sri Lanka	2,011,117	1,937,247	4,590	6,416	
Overseas	2,012,830	327,765	-	-	
	4,023,947	2,265,012	4,590	6,416	
<b>Deferred Taxation</b>					
Sri Lanka	(249,111)	(149,344)	-	-	
Overseas	723,721	55,491	-	-	
	474,610	(93,853)	-	-	
<b>Total</b>					
Sri Lanka	1,762,006	1,787,903	4,590	6,416	
Overseas	2,736,551	383,256	-	-	
	4,498,557	2,171,159	4,590	6,416	

Group tax expenses is based on the taxable profit of individual companies within the group. At present the tax laws of Sri Lanka does not provide for group taxation.

(Amounts expressed in Sri Lankan Rs. '000)

## 15 INCOME TAX EXPENSES (Contd.)

### (b) Deferred tax expenses

For the year ended 31st March	Group	
	2021	2020
<b>Deferred tax expense arising from;</b>		
<b>Accelerated depreciation &amp; amortisation for tax purposes</b>	<b>341,268</b>	<b>(497,995)</b>
Revaluation of investment property to fair value	(92,946)	4,113
Retirement benefit obligations	(13,625)	81,050
Benefit arising from tax losses	231,882	290,556
Others	8,031	28,423
Deferred tax charged/(reversed) directly to Income Statement	474,610	(93,853)
<b>Other comprehensive income</b>		
<b>Deferred tax expense arising from;</b>		
<b>Actuarial gain on defined benefit obligations</b>	<b>(19,792)</b>	<b>57,218</b>
Revaluation of land and building to fair value	105,262	278,767
Total deferred tax charged directly to statement of other comprehensive income	85,470	335,985
<b>Total deferred tax charged</b>	<b>560,080</b>	<b>242,132</b>

### (c) Deferred tax assets/Liabilities

For the year ended 31st March	Assets		Liabilities	
	2021	2020	2021	2020
<b>The closing deferred tax asset and liability balances relate to the following;</b>				
Property, plant & equipment	466,723	461,797	6,598,316	6,265,469
Bearer Plants	257,405	241,055	2,380,984	1,942,205
Investment properties	-	-	925,479	1,018,425
Intangible assets	12,183	19,888	415,934	230,898
Leased assets	3,067	1,903	96,852	30,491
Employee benefit liability	258,416	190,998	(99,376)	-
Losses available for offset against future taxable income	2,490,824	2,342,715	(64,129)	-
Others	7,572	6,383	-	-
	<b>3,496,190</b>	<b>3,264,739</b>	<b>10,254,060</b>	<b>9,487,488</b>

Income Tax provisions for the year ended 31st March 2021 were made based on applicable tax rates under Inland Revenue Act No. 24 of 2017.

The Group recognises a deferred tax asset on utilised tax losses which is expected to reduce the future tax expenses. The Group's risk management strategy involved implementation of the business continuity plans at the respective companies as a response to COVID-19 pandemic.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 15 INCOME TAX EXPENSES (Contd.)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, were shown in the statements of financial position:

For the year ended 31st March	Group	
	2021	2020
Deferred tax assets	3,496,190	3,264,739
Deferred tax Liabilities	(10,254,060)	(9,487,488)
	(6,757,870)	(6,222,749)
<b>Movement of net Deferred tax assets/Liabilities</b>	<b>2021</b>	<b>2020</b>
Balance as at beginning of the year	(6,222,749)	(6,126,061)
Net Origination of temporary differences	(560,080)	(242,132)
Effect of movements in exchange rates	24,959	145,444
Balance as at end of the year	(6,757,870)	(6,222,749)

### (d) Net Income Tax recoverable/(payable) Movement

As at 31st March	Group		Company	
	2021	2020	2021	2020
At the beginning of the year	2,741,783	825,435	6,696	11,005
Subsidiaries'/Company's' taxation on current year's profit	(4,029,296)	(2,390,954)	-	-
Irrecoverable economic service charge	(4,590)	(6,416)	(4,590)	(6,416)
(Under)/over provision for previous years	4,969	161,625	-	-
Dividend tax on intercompany dividends	-	(41,173)	-	-
Payments and set off against refunds	1,740,355	4,193,266	-	2,107
<b>Net Income Tax recoverable</b>	<b>453,222</b>	<b>2,741,783</b>	<b>2,106</b>	<b>6,696</b>
<b>Break-up of net Income tax recoverable/(payable)</b>				
<b>Income tax recoverable</b>				
Non Current	2,977,370	2,790,281	-	-
Current	39,184	103,845	2,106	6,696
Total income tax recoverable	3,016,554	2,894,126	2,106	6,696
Income tax payable	(2,563,332)	(152,343)	-	-
<b>Net Income Tax recoverable</b>	<b>453,222</b>	<b>2,741,783</b>	<b>2,106</b>	<b>6,696</b>

(Amounts expressed in Sri Lankan Rs. '000)

## 15 INCOME TAX EXPENSES (Contd.)

### (e) Recognized deferred tax assets

The recognition of deferred tax assets relating to unutilised tax losses carried forward by subsidiaries of the Group have been reassessed by the management at the year end. Accordingly, Rs.212.21 Mn (2020: Rs. 390.8 Mn) of unused tax losses of Indonesian subsidiaries for which deferred tax assets had been recognised in previous years were derecognised during the year and charged to the income statement. Management has assessed that the losses may not be used to offset taxable profits in the future and there are no other tax planning opportunities or other evidence of recoverability of such tax losses in the near future.

Management believes that sufficient taxable profit will be available to allow the remaining tax losses to be utilised. Accordingly, the relevant subsidiaries have recognised deferred tax assets relating to the remaining unutilised tax losses carried forward.

### (f) Unrecognised deferred tax assets

#### Group

The amounts of unutilised tax losses which deferred tax assets have not been recognised for Indonesian and Indian subsidiaries as at the end of the financial year amounts to Rs. 964 Mn (2020: Rs. 1,563 Mn) and Rs. 2,939 Mn. (2020: Rs. 4,788 Mn) respectively. The expiry dates of the tax losses for the Indonesian and Indian subsidiaries ranges from 1 to 5 years and 1 to 8 years respectively. Further, in the beverage sector deferred tax assets not accounted in respect of the tax losses amounted to Rs. 1,665.22 Mn. (2020 - 1,782.92 Mn) since the utilization against the future taxable profit are not probable.

#### Company

The Company has accumulated tax loss of Rs 1,266 Mn (2020: Rs. 1,344 Mn) as at the reporting date. The deferred tax asset of Rs 354 Mn (2020 - Rs. 376 Mn) arising from the said tax loss has not been recognized due to uncertainty of future taxable profits against which the deferred tax assets would be utilized, given that the Company's only source of income being dividend income which is tax exempt.

### (g) Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2020: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of the subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to Rs. 87,356 Mn (2020: Rs. 77,143 Mn).

### (h) Corporate tax rate in Sri Lanka

As provided in LKAS 12 - "Income Taxes" deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Accordingly following income tax rates have been used during the year;

	2021	2020
Leisure Sector	14%	14%
Beverage Sector	40%	40%
Real Estate Sector	24%	28%
Other Sectors	24%	28%

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

15 INCOME TAX EXPENSES (Contd.)	For the year ended 31st March	Group		Company	
		2021	2020	2021	2020
<b>(i) Reconciliation of the Accounting Profit with the Taxable Profit</b>					
Profit/(loss) before taxation	14,303,789	(481,544)	131,223	(86,810)	
Aggregate tax disallowed expenses	5,583,977	8,551,953	295,625	270,817	
Aggregate of allowable deductions	(3,553,734)	(4,610,758)	-	-	
Dividend income	(573,629)	(551,325)	(358,990)	(192,615)	
Exempt (profits)/Loss	(1,060,943)	(244,264)	(3,204)	-	
Adjustments of change in fair value	(2,001,773)	2,316,342	(13,337)	4,916	
Impairment of business assets	609,342	740,315	-	-	
Operating losses incurred during the year	2,926,744	2,987,587	-	3,692	
<b>Tax adjusted profits</b>	<b>16,233,773</b>	<b>8,708,306</b>	<b>51,317</b>	<b>-</b>	
<b>Adjustments</b>					
Adjustments due to the consolidation/conversions	229,974	(474,428)	-	-	
Share of net results of Equity accounted investee	18,776	(11,351)	-	-	
Tax losses utilized during the year	(1,352,168)	(1,188,256)	-	-	
<b>Taxable income</b>	<b>15,130,355</b>	<b>7,034,272</b>	<b>51,317</b>	<b>-</b>	
<b>Taxation on Profits</b>					
Taxation at 14%	105,944	-	-	-	
Taxation at 24% & 28%	261,720	137,465	-	-	
Taxation at 40%	1,641,654	1,894,303	-	-	
10% WHT on Inter company dividend	-	41,173	-	-	
Off - Shore profits at varying rates	2,015,008	347,280	-	-	
Economic Service Charge - write off/credit	4,590	6,416	4,590	6,416	
Under/(over) provision for previous years	(4,969)	(161,625)	-	-	
	4,023,947	2,265,012	4,590	6,416	
<b>Analysis of Tax Losses</b>					
Tax losses brought forward	15,229,992	28,639,030	1,344,543	1,314,034	
Adjustment on losses (Finalization/write-off/conversions)	1,722,928	(14,848,754)	(218)	26,817	
Tax losses incurred during the year	2,926,744	2,627,972	(51,317)	3,692	
Utilization of tax losses during the year	(1,352,168)	(1,188,256)	-	-	
<b>Tax losses carried forward</b>	<b>18,527,496</b>	<b>15,229,992</b>	<b>1,293,008</b>	<b>1,344,543</b>	

Utilization of tax losses in the current year has resulted in tax saving of Rs. 295 Mn (2020 - Rs. 294 Mn) for the Group.

As per section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses incurred during the year could be carried forward for further six years. Such losses can be set off against profits without any limitation but subjecting to source of income as provided in the Act. As specified above, some companies in the Group have carried forward tax losses which are available to be set off against the future tax profits of the companies. Adjustment for taxation on the losses from overseas operations are made in accordance with the provisions of the relevant statutes in those countries.

(Amounts expressed in Sri Lankan Rs. '000)

## 15 INCOME TAX EXPENSES (Contd.)

### (j) Taxation of Profits

#### (i) Current Tax in Sri Lanka

The income tax provision for Carson Cumberbatch PLC, its subsidiaries that are resident in Sri Lanka is calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto. In terms of above, the income tax provisions of companies have been calculated on their adjusted profits at the standard rate of 24% except for Companies with specified sources which are exempt from tax or subject to concessionary tax rates as set out below.

Dividend received from another resident company is subject to income tax at a concessionary rate of 14% and an exemption is available on 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.

In addition, the Group has made adjustments as required to the income tax payable or receivable balances in respect of previous years and written off any unclaimable Economic Service Charge (ESC) within the specified period.

#### (ii) Current Tax on 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 those companies. The corporate income tax rates applicable to group companies operating in the following countries are;

	2021	2020
Singapore	17%	17%
Indonesia	22%	25%
India	30.9%	30.9%
Malaysia	24%	24%
Mauritius	15%	N/A

### (k) Companies with specified sources liable to income tax at concessionary rates and Higher rate specified under the IRD Act No 24 of 2017 and amendments there to

(i) In terms of Inland Revenue Act No 24 of 2017, a company engaged in undertaking for the promotion of tourism will be liable to income tax at the rate of 14%. Accordingly, Company's subsidiaries Pegasus Hotels of Ceylon PLC and Equity Hotels Limited are liable to income tax at 14%.

(ii) As per the First Schedule of the Inland Revenue Act No 24 of 2017, a company with income from a business consisting of liquor (including beer) is liable to income tax at 40%. Therefore Company's subsidiaries Lion Brewery (Ceylon) PLC and Luxury Brand (Pvt) Limited having taxable income which consist of component of liquor, are liable to pay income tax at 40%.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 15 INCOME TAX EXPENSES (Contd.)

#### (l) Specified sources exempt from income tax which applicable for companies within the group

- (i) In terms of item (h) of third schedule of the Inland Revenue Act, No. 24 of 2017, gains made on the realization of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka are exempt from income tax.
- (ii) In terms of Inland Revenue Act No 24 of 2017, 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 are exempt from income tax.
- (iii) Gains and profits from service provider of information technology and IT enabled services, are exempt from income tax
- (iv) Dividend and gains realization of shares in a non - resident company where derived by a resident company with a holding of 10% or more either directly or indirectly in the non-resident company, are exempt from income tax.

#### (m) Notional tax credits carried forward

As per the Gazette notification issued in relation to the transitional provisions of Inland Revenue Act No. 24 of 2017, the carried forward notional tax credits as per section 138(2) of Inland Revenue Act No 10 of 2006 may be carried forward to be set off against the income tax liability within three consecutive years of assessment commencing from the year of assessment 2018/2019

### 16 EARNINGS/(LOSS) PER ORDINARY SHARE

#### (a) Earnings/(loss) per ordinary share from Continuing and Discontinued operations

The Group's earnings/(loss) per ordinary share of Rs. 24.55 (2020 - Rs. (7.78)) and Company's earnings per ordinary share of Rs. 0.64 (2020 - Loss of Rs. (0.47)), are calculated by dividing the profit/(loss) attributable to the ordinary shareholders of Carson Cumberbatch PLC by the Company's weighted average number of ordinary shares in issue during the year.

The amounts used in calculating the earnings per share are as follows:

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
<b>Amount used as the Numerator</b>				
Profit/(loss) for the year	9,710,614	(2,460,260)	126,633	(93,226)
Attributable to non controlling interest	(4,889,763)	932,452	-	-
<b>Net Profit/(loss) attributable to Ordinary Shareholders</b>	<b>4,820,851</b>	<b>(1,527,808)</b>	<b>126,633</b>	<b>(93,226)</b>
<b>Number of Ordinary Shares used as the Denominator</b>				
Ordinary shares in issue (No's)	196,386,914	196,386,914	196,386,914	196,386,914
<b>Basic earnings/(loss) per Ordinary Share (Rs.)</b>	<b>24.55</b>	<b>(7.78)</b>	<b>0.64</b>	<b>(0.47)</b>

(Amounts expressed in Sri Lankan Rs. '000)

## 16 EARNINGS/(LOSS) PER ORDINARY SHARE (Contd.)

### (b) Earnings/(loss) per share from Continuing operations

The Group's earnings/(loss) per ordinary share from continuing operations of Rs. 24.74 (2020 - Rs. (9.22)) is calculated by dividing the profit from continuing operations attributable to the ordinary shareholders of Carson Cumberbatch PLC by the Company's weighted average number of ordinary shares in issue during the year.

The amounts used in calculating the earnings per share are as follows:

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
<b>Amount used as the Numerator</b>				
Profit/(loss) for the year from continuing operations	9,805,232	(2,652,703)	126,633	(93,226)
Attributable to non controlling interest from continuing operations	(4,946,738)	841,810	-	-
<b>Net Profit/(loss) attributable to Ordinary Shareholders from continuing operations</b>	<b>4,858,494</b>	<b>(1,810,893)</b>	<b>126,633</b>	<b>(93,226)</b>
<b>Number of Ordinary Shares used as the Denominator</b>				
Ordinary shares in issue (No's)	196,386,914	196,386,914	196,386,914	196,386,914
<b>Basic earnings/(loss) per Ordinary Share (Rs.) from continuing operations</b>	<b>24.74</b>	<b>(9.22)</b>	<b>0.64</b>	<b>(0.47)</b>

### (c) Earnings/(loss) per share from Discontinued operations

The Group's earnings/(loss) per ordinary share from discontinued operations of Rs. (0.19) (2020 - Rs. 1.44) is calculated by dividing the Profit/(loss) from discontinued operations attributable to the ordinary shareholders of Carson Cumberbatch PLC by the Company's weighted average number of ordinary shares in issue during the year.

The amounts used in calculating the earnings per share are as follows:

For the year ended 31st March	Group	
	2021	2020
<b>Amount used as the Numerator</b>		
Profit/(loss) for the year from discontinued operations	(94,618)	192,443
Attributable to non controlling interest from discontinued operations	(56,975)	(90,642)
<b>Net Profit/(loss) attributable to Ordinary Shareholders from discontinued operations</b>	<b>(37,643)</b>	<b>283,085</b>
<b>Number of Ordinary Shares used as the Denominator</b>		
Ordinary shares in issue (No's)	196,386,914	196,386,914
<b>Basic earnings/(loss) per Ordinary Share from discontinued operation (Rs.)</b>	<b>(0.19)</b>	<b>1.44</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 17 EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

Management has presented the performance measure EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, impairment losses/reversals related to Bearer plant, biological assets, property, plant and equipment, Investment properties and financial assets measured at fair value through profit or loss.

EBITDA is not a defined performance measure in LKAS and SLFRS. The Group's definition of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

#### Reconciliation of EBITDA to profit/(loss) from continuing operations

For the year ended 31st March	Group	
	2021	2020
Profit/(Loss) from continuing operations	9,805,232	(2,652,703)
Income tax expense	4,498,557	2,171,159
Profit/(Loss) before tax	14,303,789	(481,544)
Adjustments for:		
Net finance costs	6,142,137	6,673,453
Depreciation	6,482,381	6,074,200
Amortisation	327,846	297,538
Impairment of business assets	609,342	740,315
Foreign exchange gains/(losses)	(1,855,241)	1,896,358
Change in fair value of investment properties	(61,318)	(151,434)
Change in fair value of biological assets	(531,357)	(158,646)
Change in fair value of financial assets measured at fair value through profit or loss	(1,884,201)	1,801,427
Share of Profit/(loss) of equity accounted investee (net of tax)	18,776	(11,351)
<b>EBITDA</b>	<b>23,552,154</b>	<b>16,680,316</b>

### 18 DIVIDEND PER ORDINARY SHARE

For the year ended 31st March	Total dividend		Dividend per ordinary share	
	2021	2020	2021 (Rs.)	2020 (Rs.)
Dividend paid				
Final Dividend	147,290	147,290	0.75	0.75
	147,290	147,290	0.75	0.75

(Amounts expressed in Sri Lankan Rs. '000)

**19 PROPERTY, PLANT & EQUIPMENT - GROUP****(a) For the year ended 31st March 2021**

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work - In Progress	Total
As at 1st April 2020	8,876,263	30,222,043	32,446,623	2,485,798	1,623,311	968,478	3,456,005	4,066,641	84,145,162
Additions	104,750	699,384	1,998,090	293,015	63,871	58,445	622,968	5,119,771	8,960,294
Revaluation	442,808	97,253	-	-	-	-	-	-	540,061
Transfers/Adjustments	698,912	2,417,459	5,232,569	(373,507)	(153,317)	8,679	-	(7,957,131)	(126,336)
Disposals/Written - off	-	(92,851)	(145,775)	(33,683)	(3,877)	(269)	(415,951)	(18,954)	(711,360)
Effect of movements in exchange rates	-	5,381,457	2,966,262	363,498	174,971	84,992	-	359,012	9,330,192
As at 31st March 2021	10,122,733	38,724,745	42,497,769	2,735,121	1,704,959	1,120,325	3,663,022	1,569,339	102,138,013
Impairment/Accumulated Depreciation									
As at 1st April 2020	261,606	8,022,653	13,869,761	1,447,925	1,292,161	887,699	2,150,386	-	27,932,191
Charge for the year	123,461	1,473,063	2,081,787	227,964	109,401	70,043	428,427	-	4,514,146
Transfers/Adjustments	(115,055)	(22,221)	249,259	(110,071)	(139,188)	-	-	-	(137,276)
Impairment adjustment	-	-	160,258	-	-	-	-	-	160,258
Disposals/Written - off	-	(52,850)	(102,072)	(31,525)	(2,802)	(269)	(415,951)	-	(605,469)
Effect of movements in exchange rates	-	1,469,550	1,637,880	219,566	151,203	79,482	-	-	3,557,681
As at 31st March 2021	270,012	10,890,195	17,896,873	1,753,859	1,410,775	1,036,955	2,162,862	-	35,421,531
Carrying amounts as at 31st March 2021	9,852,721	27,834,550	24,600,896	981,262	294,184	83,370	1,500,160	1,569,339	66,716,482

Property, plant and equipment includes right - of use assets of Rs 1,460 mn (2020 - Rs 1,172 mn) related to leased properties that do not meet the definition of investment property.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 19 PROPERTY, PLANT & EQUIPMENT - GROUP

#### (b) For the year ended 31st March 2020

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work - In Progress	Total
<b>As at 1st April 2019</b>	8,199,880	30,142,182	32,134,150	2,101,431	1,565,837	958,817	3,445,422	2,412,894	80,960,613
Recognition of right-to-use assets on initial application of SLFRS-16	-	445,211	-	-	-	-	-	-	445,211
Adjusted balance as at 1st April 2019	8,199,880	30,587,393	32,134,150	2,101,431	1,565,837	958,817	3,445,422	2,412,894	81,405,824
Additions	296,072	1,193,752	198,818	601,442	61,353	28,553	696,393	3,755,382	6,831,765
Revaluation	560,473	-	-	-	-	-	-	-	560,473
Re-classification	-	2,649	126,258	-	2,351	6,642	-	(137,900)	-
Deemed disposal of subsidiary	-	(39,514)	(361,852)	(2,147)	(2,858)	(1,035)	-	-	(407,406)
Re-classification to investments property	(331,261)	-	-	-	-	-	-	-	(331,261)
Transfers/Adjustments	158,436	308,700	959,813	-	57,219	1,065	-	(1,764,995)	(279,762)
<b>Disposals/Written - off</b>	(7,337)	-	(51,198)	(79,513)	(6,140)	(2,281)	(685,810)	-	(832,279)
Effect of movements in exchange rates	-	(1,830,937)	(559,366)	(135,415)	(54,451)	(23,283)	-	(198,740)	(2,802,192)
<b>As at 31st March 2020</b>	<b>8,876,263</b>	<b>30,222,043</b>	<b>32,446,623</b>	<b>2,485,798</b>	<b>1,623,311</b>	<b>968,478</b>	<b>3,456,005</b>	<b>4,066,641</b>	<b>84,145,162</b>
<b>Accumulated Depreciation</b>									
As at 1st April 2019	161,681	7,181,571	12,576,242	1,400,261	1,221,380	851,653	2,299,396	-	25,692,184
Charge for the year	113,080	1,438,394	1,873,526	203,512	124,402	61,799	404,358	-	4,219,071
Transfers/Adjustments	(12,123)	(81,600)	-	-	-	-	-	-	(93,723)
Re-classification to investments property	(1,032)	-	-	-	-	-	-	-	(1,032)
Deemed disposal of subsidiary	-	(7,934)	(108,540)	(2,147)	(2,858)	(1,035)	-	-	(122,514)
On disposals/Written - off	-	-	(28,608)	(78,284)	(5,443)	(2,281)	(553,368)	-	(667,984)
Effect of movements in exchange rates	-	(507,778)	(442,859)	(75,417)	(45,320)	(22,437)	-	-	(1,093,811)
<b>As at 31st March 2020</b>	<b>261,606</b>	<b>8,022,653</b>	<b>13,869,761</b>	<b>1,447,925</b>	<b>1,292,161</b>	<b>887,699</b>	<b>2,150,386</b>	<b>-</b>	<b>27,932,191</b>
<b>Carrying amounts as at 31st March 2020</b>	<b>8,614,657</b>	<b>22,199,390</b>	<b>18,576,862</b>	<b>1,037,873</b>	<b>331,150</b>	<b>80,779</b>	<b>1,305,619</b>	<b>4,066,641</b>	<b>56,212,971</b>

(Amounts expressed in Sri Lankan Rs. '000)

## 19 PROPERTY, PLANT & EQUIPMENT - GROUP (Contd.)

### (c) Details of Group Freehold Lands & Building stated at valuation are Indicated below: - Continuing Operations

Property	Method of Valuation	Effective Date of Valuation	Valuer	Land Extent (in Acres)	Number of Buildings/ Blocks	Carrying Value of Revalued Assets as at 31st March 2021 If carried at Historical Cost	Carrying Value of Revalued Assets as at 31st March 2021
Pegasus Hotels of Ceylon PLC, Wattala, Sri Lanka	Open Market Value method	31.03.2021	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	13.47	1	566,857	1,858,522
Equity Hotels Limited Giritale (Building) Sri Lanka	Open Market Value method	31.03.2021	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	-	1	96,657	293,764
Lion Brewery (Ceylon) PLC Biyagama, Kaduwela, Tangalle and Kurunegala, Sri Lanka	Open Market Value method	31.03.2020	Mr. K. Arthur Perera A.M.I.V. (Sri Lanka) Valuer & Consultant	38.41	46	3,458,896	5,749,139
Millers Brewery Limited Padukka, Sri Lanka	Open Market Value method	31.03.2020	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	22.72	12	699,910	1,390,221
Equity Two PLC Colombo 1, Sri Lanka	Investment Approach	31.03.2021	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	0.18	1	129,766	561,075
				74.78	61	4,952,086	9,852,721

Open market value method: uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

The investment approach method : is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

### (d) Fair value measurement

The fair value of the Land & Building were determined by external, independent property valuer, having appropriate recognised professional qualifications for the category of Property being valued. The valuer provides the fair value measurements of property and has been recognized as Level 3 fair value based on the valuation techniques used.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 19 PROPERTY, PLANT & EQUIPMENT - GROUP (Contd.)

#### (d) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Description	Effective date of valuation	Valuation technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land of Lion Brewery (Ceylon) PLC	31.03.2020	Open Market Value method	(i) Per perch value Rs. 500,000 - Rs. 625,000 and Per perch value land at Tangalle Rs. 40,000	Positive correlated sensitivity
Buildings of Lion Brewery (Ceylon) PLC	31.03.2020	Open Market Value method	(i) Estimated price per square foot Rs. 1,500 - Rs. 11,000 (ii) Percentage of depreciation	Positive correlated sensitivity
Land of Millers Brewery Limited	31.03.2020	Open Market Value method	(i) Per perch value Rs. 3,400 - Rs. 300,000	Positive correlated sensitivity
Buildings of Millers Brewery Limited	31.03.2020	Open Market Value method	(i) Estimated price per square foot Rs. 2,500 - Rs. 5,000 (ii) Percentage of depreciation	Positive correlated sensitivity
Land of Pegasus Hotels of Ceylon PLC	31.03.2021	Market Approach	(i) Per perch value	Positive correlated sensitivity
Buildings of Pegasus Hotels of Ceylon PLC	31.03.2021	Market Approach	(i) Estimated price per square foot (ii) Percentage of depreciation	Positive correlated sensitivity
Buildings of Equity Hotels Limited	31.03.2021	Market Approach	(i) Estimated price per square foot (ii) Percentage of depreciation	Positive correlated sensitivity
Land & Building of Equity Two PLC	31.03.2021	Investment Approach	(i) Contractual rentals agreed with the tenants. (ii) Occupancy rate 70% - 75% (iii) Capitalization rate 5% - 6% (iv) Repair and insurance 20% (v) Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking into account of other valuation considerations. Market price per perch range between Rs 9,000,000/- to Rs 12,500,000/	Contractual rentals were higher/(lower) Occupancy rate was higher/(lower) Capitalization rate was (higher)/lower Repair and insurance was (higher)/lower Market value per perch was higher/(lower)

#### (e) Impairment/write-off of Property, plant & equipment

The carrying values of property, plant and equipment of the Indonesian Plantation Companies were tested for impairment based on internal valuations. The recoverable values of the Plantation Assets have been established based on their cash generating potential over their useful economic life on a 'Going Concern' basis. Accordingly, the recoverable value exceeds net carrying value of property, plant and equipment. No impairment was required for the financial year ended 31 March 2021.

The management of Millers Brewery Limited evaluated the recoverable value of its plant & Machinery as at 31st March 2021 on the basis of their recoverable values if disposed as scrap, since there is no plan or intention to use these items for operational purposes. As a result an impairment Rs 160.25 Mn has been charged to the Income statements.

(Amounts expressed in Sri Lankan Rs. '000)

**(f) Carrying value of Property, plant & equipment**

As at 31st March	Group	
	2021	2020
At cost	55,403,220	46,426,701
At valuation (Note c)	9,852,721	8,614,657
Right of use assets (refer note 37 (a))	1,460,541	1,171,613
	66,716,482	56,212,971

**(g) Capital work-in-progress consists of**

As at 31st March	Group	
	2021	2020
Land Improvements	88,232	216,517
Buildings	320,277	83,612
Plant & Machinery	676,391	1,589,764
Others	484,439	2,176,748
	1,569,339	4,066,641

**(h) Acquisition of property, plant and equipment**

The cash outflow of acquisition for property, plant and equipment amounted to Rs 7,259.40 Mn. (2020 - 6,240.07 Mn)

**(i) Capitalisation of borrowing costs**

The Group's property, plant and equipment include borrowing costs arising from bank loans borrowed specifically for their development. For the financial year ended 31 March 2021, the borrowing cost capitalised to property, plant and equipment was Rs. 380.44 Mn or equivalent to US\$ 2,017,000. (2020: Rs. 73 Mn or equivalent to US\$ 406,000). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation for the financial year ended 31 March 2021 was 7.6% . (2020: 7.5 %) which was the effective interest rate of the borrowings.

**(j) Assets pledged as security**

The carrying value of certain property, plant and equipment of the Group amounting to approximately Rs. 35 Bn or equivalent to US\$ 175,463,000. (2020 - Rs. 26 Bn or equivalent to US\$ 136,999,000) are pledged as security for bank borrowings.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

20	BEARER PLANTS	Group	
		2021	2020
	As at 31st March		
	<b>Cost</b>		
	Balance as at the beginning of the year	43,022,823	46,203,564
	Increase due to plantation development costs	154,251	329,780
	Capitalisation of interest	-	49,395
	Capitalisation of depreciation of property plant & equipment	-	13,330
	Capitalisation of amortisation of intangible assets	-	7,864
	Transfers/Adjustments	-	(538,131)
	Disposal	(31,918)	-
	Effect of movements in exchange rates	7,932,553	(3,042,979)
	<b>Balance as at end of the year</b>	<b>51,077,709</b>	<b>43,022,823</b>
	<b>Accumulated depreciation</b>		
	Balance as at the beginning of the year	9,041,834	7,974,696
	Charge for the year	1,968,235	1,868,459
	Transfers/Adjustments	-	(168,094)
	Effect of movements in exchange rates	1,762,334	(633,227)
	<b>Balance as at end of the year</b>	<b>12,772,403</b>	<b>9,041,834</b>
	<b>Accumulated Impairment</b>		
	Balance as at the beginning of the year	3,765,962	4,012,493
	Effect of movements in exchange rates	684,944	(246,531)
	<b>Balance as at end of the year</b>	<b>4,450,906</b>	<b>3,765,962</b>
	<b>Net balance as at end of the year</b>	<b>33,854,400</b>	<b>30,215,027</b>
<b>(a)</b>	<b>Analysis of bearer plants</b>		
	At the end of the financial year, the Group's total planted area and related value of mature and immature plantations are as follows:		
		Indonesian Plantations	
	As at 31st March	2021	2020
	Area	Hectares	Hectares
	Planted Area:		
	- Mature	61,892	61,862
	- Immature/Nursery	4	30
		61,896	61,892
		Indonesian Plantations	
	As at 31st March	2021	2020
	Value		
	Planted Value:		
	- Mature	32,879,828	29,407,564
	- Immature/Nursery	974,572	807,463
		33,854,400	30,215,027

(Amounts expressed in Sri Lankan Rs. '000)

- (b)** The carrying value of bearer plants of the Group pledged/undertaken as security for the bank borrowings amounted to approximately Rs. 35 Bn or equivalent to US\$ 174,037,000. (2020 Rs. 31 Bn or equivalent to US\$ 163,934,000).
- (c)** Depreciation of property, plant and equipment capitalised to immature plantations for the financial years ended 31 March 2021, Rs. Nil and 2020 - Rs. 13 Mn.
- During the financial year, borrowing costs amounting to Rs. Nil and 2020: Rs. 49.4 Mn have been capitalised to immature plantations under bearer plants.
- (d)** The carrying values of bearer plants of the Indonesian Plantation Companies were tested for impairment based on internal valuations. The recoverable values of the Plantation Assets have been established based on their cash generating potential over their useful economic life on a 'Going Concern' basis. Accordingly, the recoverable value exceeds net carrying value of bearer plants. No impairment was required for the financial year ended 31 March 2021.

## 21 BIOLOGICAL ASSETS

As at 31st March	Group	
	2021	2020
Biological assets	2,372,008	1,557,026
<b>Movement of biological Assets</b>		
At the beginning of the year	1,557,026	1,497,067
Change in fair value of biological assets	531,357	158,646
Effect of movements in exchange rates	283,625	(98,687)
<b>At the end of the year</b>	<b>2,372,008</b>	<b>1,557,026</b>

The fair value of biological assets was determined based on the market price and the estimated yield of Fresh Fruit Bunches (FFB), net of maintenance and harvesting costs, and estimated cost to sell. The estimated yield is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel. Point-of-sale costs include all costs that would be necessary to sell the assets.

Fair valuation of FFB fall under level 3 category in the fair value hierarchy as provided in Note 42 to this financial statement.

Significant assumptions made in determining the fair values of the biological assets and sensitivity analysis of price fluctuation is provided below:

As at 31st March	Group	
	2021	2020
FFB - Volume (MT)	116,500	103,833
<b>Average FFB Price (US\$/MT)</b>		
2021	79 - 154	
2020	57 - 105	

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 21 BIOLOGICAL ASSETS (Contd.)

The following table shows the impact on the fair value measurement of assets that are sensitive to changes in market price.

As at 31st March	Group	
	Change in market price US\$'000	Changes in fair value US\$'000
<b>2021</b>		
Index price	Increased by 10%	1,416
	Decreased by 10%	(1,416)
<b>2020</b>		
Index price	Increased by 10%	1,002
	Decreased by 10%	(1,002)

The Group is exposed to the following risks relating to its Palm Oil plantations.

#### (i) Regulatory and environmental risk

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environment and other laws.

#### (ii) Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume due to market supply and demand. Management performs regular industry trend analysis for projected harvested volumes and pricing.

#### (iii) Climate and Other risks

The Group Palm Oil plantations are exposed to the risk of damage from climatic changes, disease and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular plants inspections and industry pest and disease surveys. The Group is also insured against natural disasters such as floods and hurricanes.

(Amounts expressed in Sri Lankan Rs. '000)

**22 INVESTMENT PROPERTIES**

	Freehold Land	Freehold Building	Other Equipment	Capital Work In Progress	Group					
As at 31st March					2021	2020				
<b>(a) Investment Properties of the Group comprise of:</b>										
Equity One Ltd	2,164,021	260,390	30,993	-	2,455,404	2,422,343				
Equity Two PLC	716,608	216,138	26,433	-	959,179	956,830				
Equity Three (Private) Limited	476,353	65,505	36,155	-	578,013	530,924				
Ceylon Beverage Holdings PLC	468,900	17,970	-	-	486,870	486,870				
	3,825,882	560,003	93,581	-	4,479,466	4,396,967				
	Freehold Land		Freehold Building		Other Equipment		Capital Work In Progress		Total	Total
For the year ended 31st March	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>(b) Movements of Investment Properties</b>										
Balance as at the beginning of the year	3,730,411	3,243,784	561,652	540,105	77,397	95,107	27,507	-	4,396,967	3,878,996
Reclassification from property plant equipments	-	319,205	-	12,056	-	-	-	-	-	331,261
Additions during the year	-	-	12,208	6,133	36,480	1,636	(27,507)	27,507	21,181	35,276
Gain/(loss) on fair value adjustment (Note c)	95,472	167,422	(13,858)	3,358	(20,296)	(19,346)	-	-	61,318	151,434
<b>Balance at end of the year</b>	<b>3,825,882</b>	<b>3,730,411</b>	<b>560,003</b>	<b>561,652</b>	<b>93,581</b>	<b>77,397</b>	<b>-</b>	<b>27,507</b>	<b>4,479,466</b>	<b>4,396,967</b>
<b>(c) Change in fair value of investment properties</b>										
Equity One Ltd	38,117	8,175	3,389	(2,556)	(8,595)	(9,147)	-	-	32,911	(3,528)
Equity Two PLC	12,184	9,552	-	-	(9,835)	(9,835)	-	-	2,349	(283)
Equity Three (Private) Limited	45,171	-	(17,247)	-	(1,866)	(364)	-	-	26,058	(364)
Ceylon Beverage Holdings PLC	-	149,695	-	5,914	-	-	-	-	-	155,609
	95,472	167,422	(13,858)	3,358	(20,296)	(19,346)	-	-	61,318	151,434

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 22 INVESTMENT PROPERTIES (Contd.)

#### (d) Details of investment properties - Group

Company	Location	Description	Method of valuation	Net rentable area (In Sq.ft.)	Extent (Hectares)	Historical Cost	Fair Value 31st March 2021	Fair Value 31st March 2020
Equity One Ltd	Dharmapala Mw., Colombo 07.	Office Space	Investment approach	44,647	0.238	120,288	1,524,620	1,488,322
Equity One Ltd	Vauxhall Lane, Colombo 02	Warehouse Space	Depreciated replacement cost	32,408	0.455	237,348	930,785	934,020
Equity Two PLC	No 55, Janadhipathi Mawatha, Colombo 1	Office Space	Investment approach	44,046	0.146	429,779	959,180	956,832
Equity Three (Private) Limited	George R. De Silva Mw, Colombo 13	Office Space	Depreciated replacement cost	31,237	0.208	90,228	578,011	530,923
Ceylon Beverage Holdings PLC	Nuwara Eliya		Open Market value approach	-	1.51	-	460,870	460,870
Ceylon Beverage Holdings PLC	Trincomalee		Open Market value approach	-	0.09	-	26,000	26,000
							<b>4,479,466</b>	<b>4,396,967</b>

The Investment Properties of the Group comprise of number of commercial properties that are leased to external tenants. The lease agreements are typically entered in to two year periods with the option for subsequent renewals.

Changes in fair value adjustments on investment properties (gain/loss), which are unrealized, are recognised in the Statement of Profit or Loss. Accordingly, the total net gain on such changes in fair value, net of related deferred tax, is recorded in the fair value adjustment reserve as at the reporting date.

The Group recognized the land and building located at 61, Janadhipathi Mawatha owned by the subsidiary company Equity Two PLC though held to earn rental income and capital appreciation (and classified as investment property by the said subsidiary) as Property Plant and Equipment as opposed to investment property since Company's subsidiary Carsons Management Services (Private) Limited occupies a substantial portion at the said property.

#### (e) Summary description of valuation methodologies

**Investment approach:** The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

**Market approach method:** Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

#### (f) Fair value hierarchy

The fair value of the investment properties was determined by external, independent property valuer, Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, having appropriate recognised professional qualifications and recent experience in the location and category of the properties valued. Fair values were determined with reference to the entities' ability to generate economic benefit by using the asset and recent market transactions for similar properties in the same location as the respective Companies' investment properties.

(Amounts expressed in Sri Lankan Rs. '000)

### Key considerations relating to COVID 19

Majority of the Group's investment properties are rented out to long-standing tenants and as a result of COVID 19 there was no significant drop in the rents charged to the tenants except for temporary concessional arrangements. The Group has not lost any tenants as a result of COVID 19. Therefore, the management is of the view that the impact of COVID 19 would not have a material impact on the investment property valuations which was also reflected in the independent valuation report obtained by management.

The fair value measurement for the investment properties have been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

### Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Description	Location	Valuation technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land & Building	Colombo	Investment approach  The valuation method considers the present value of net cash flows to be generated from the property taking into account the expected rental income, occupancy rate and other costs not paid by the tenants. The expected net cash-flows are capitalized using expected rate of return.	Contractual rentals agreed with the tenants.	The estimated fair value would increase/(decrease) if - Contractual rentals was higher/(lower)
			Occupancy Rate 70% - 85%	Occupancy rate was higher/(lower)
			Capitalization rate 5% - 6.5%	Capitalization rate was higher/(lower)
			Repair and insurance 20%	Repair and insurance was higher/(lower)
			Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations.	Market value per perch was higher/(lower)
Land & Building	Colombo	Depreciated replacement cost approach	Construction cost per square foot Rs.4,000 - Rs. 6,250.	Cost per square feet was higher/(lower)
			Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations	Market value per perch was higher/(lower)
			"Market price per perch range between Rs 4,500,000/- to Rs 5,800,000/-"	
			Depreciation rate for the usage of assets 67.5% - 72.5%	Depreciation rate for usage higher/(lower)
Land & Building	Nuwara Eliya Trincomalee	Open market value approach	Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations.	Market value per perch was higher/(lower)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Sensitivity Analysis

Significant judgement is required when evaluating the inputs into fair value determination of investment properties. Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the fair value of the commercial property by the amounts shown below. The effect of the COVID-19 pandemic has meant that the range of reasonably possible changes is wider for the 2021 figures than for the Comparative year

As at 31st March	Group	
	Increase	Decrease
<b>Discount rate</b>		
2021: 2% movement	(618,624)	1,345,474
2020: 1% movement	(350,811)	509,658
<b>Occupancy rate</b>		
2021: 10% movement	298,501	(298,501)
2020: 5% movement	142,896	(142,896)
<b>Repairs and Insurance</b>		
2021: 10% movement	(427,529)	427,529
2020: 5% movement	(210,231)	210,231
<b>Construction cost per sq.ft.</b>		
2021: Rs. 1,000 movement	19,751	(19,751)
2020: Rs. 1,000 movement	21,395	(21,395)

### Operating leases

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

### Rental Income

Rental income recognized and related cost incurred by the Group are as follows:

For the year ended 31st March	2021	2020
Rental income derived from investment properties	280,421	296,001
Direct operating expenses generating rental income	82,403	92,072

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

As at 31st March	Group	
	2021	2020
Less than one year	216,581	248,148
One to two years	193,188	155,384
Two to three years	108,579	145,989
Three to four years	73,041	99,014
Four to five years	68,319	71,454
More than five years	297,559	357,105
	957,267	1,077,094

(Amounts expressed in Sri Lankan Rs. '000)

## 22 INVESTMENT PROPERTIES (Contd.)

### (g) Capitalization of borrowing costs into investment properties

No borrowing cost was capitalized for the year ended 31st March 2021 (2020 - Rs. Nil).

### (h) Contractual obligations to construct and develop investment properties

There were no contractual obligations entered to construct and develop investment properties as at the 31st March 2021

(i) All the direct operating expenses of the Group are incurred on investment properties that are generating rental income.

(j) There were no restrictions on title of investment properties as at the reporting date.

(k) No items of the investment properties of the Group were pledged as security for liabilities as at the reporting date.

## 23 INTANGIBLE ASSETS - GROUP

For the year ended 31st March	Goodwill		Computer Software		Land rights		Brand/Trade mark		Customer Relationship		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Cost/Valuation</b>												
Balance as at the beginning of the year	2,447,383	2,567,154	1,743,332	1,773,473	6,387,736	6,243,963	1,715,840	2,455,276	344,729	390,551	12,639,020	13,430,417
Additions	-	-	57,333	16,000	-	596,403	629	879	-	-	57,962	613,282
Deemed Disposal	-	(119,771)	-	-	-	-	-	-	-	(45,822)	-	(165,593)
Impairment (Note23 (d))	-	-	-	-	-	-	(449,084)	(740,315)	-	-	(449,084)	(740,315)
Transfer/Adjustment	-	-	12,103	3,536	-	(21,046)	-	-	-	-	12,103	(17,510)
Effect of movements in exchange rates	-	-	170,367	(49,677)	1,161,796	(431,584)	2,790	-	-	-	1,334,953	(481,261)
<b>Balance as at end of the year</b>	<b>2,447,383</b>	<b>2,447,383</b>	<b>1,983,135</b>	<b>1,743,332</b>	<b>7,549,532</b>	<b>6,387,736</b>	<b>1,270,175</b>	<b>1,715,840</b>	<b>344,729</b>	<b>344,729</b>	<b>13,594,954</b>	<b>12,639,020</b>
<b>Accumulated Amortization</b>												
Balance as at the beginning of the year	-	-	861,147	820,215	1,550,443	1,442,864	17,252	4,147	327,289	351,506	2,756,131	2,618,732
Amortization	-	-	54,719	59,609	253,263	214,070	2,424	12,895	17,440	18,828	327,846	305,402
Deemed Disposal	-	-	-	-	-	-	-	-	-	(43,045)	-	(43,045)
Effect of movements in exchange rates	-	-	51,754	(18,677)	296,650	(106,491)	1,632	210	-	-	350,036	(124,958)
<b>Balance as at end of the year</b>	<b>-</b>	<b>-</b>	<b>967,620</b>	<b>861,147</b>	<b>2,100,356</b>	<b>1,550,443</b>	<b>21,308</b>	<b>17,252</b>	<b>344,729</b>	<b>327,289</b>	<b>3,434,013</b>	<b>2,756,131</b>
<b>Carrying amounts as at the end of the year</b>	<b>2,447,383</b>	<b>2,447,383</b>	<b>1,015,515</b>	<b>882,185</b>	<b>5,449,176</b>	<b>4,837,293</b>	<b>1,248,867</b>	<b>1,698,588</b>	<b>-</b>	<b>17,440</b>	<b>10,160,941</b>	<b>9,882,889</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 23 INTANGIBLE ASSETS - GROUP (Contd.)

#### (a) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate, that the carrying value may be impaired. Goodwill arising from business combinations has been allocated to an individual cash generating unit ("CGU") for impairment testing. The carrying amounts of goodwill allocated to each CGU are as follows, categorized under the respective sectors.

As at 31st March	2021	2020
Portfolio and asset management sector	182,740	182,740
Beverage sector	244,827	244,827
Real estate sector	27,584	27,584
Oil palm plantation sector	989,038	989,038
Oil & Fats sector	1,003,194	1,003,194
	2,447,383	2,447,383

#### Oil palm plantation sector

The recoverable amounts of the CGUs have been determined based on Value-In-Use ("VIU") calculations using cash flow projections from financial budgets approved by management based on the age profile of the plantations. Management determines the values assigned to each key assumption used in the cash flow projections based on past experience, operational considerations and current business practices common to the oil palm plantation industry.

The pre-tax discount rates applied to the cash flow projections and forecasted terminal growth rates used to extrapolate cash flow projections beyond the forecasted period are as follows:

As at 31st March	Oil palm Plantation sector	
	2021	2020
Pre-tax discount rates	13.8%	14.41%
Terminal Growth Rate	0%	0%

#### The calculations for value in use for the CGUs are most sensitive to the following assumptions:

**Pre-tax discount rates** - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected rate of return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowing the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

**Terminal growth rate** - The forecasted terminal growth rate used does not exceed the longterm average growth rate of the industry and country in which the entities operate.

**Project CPO selling price** - The projected selling price of CPO is based on the consensus of reputable independent forecasting service firms for the short-term period and the World Bank forecast for the remaining projection period.

#### Sensitivity to changes in assumptions

With regards to the assessment of Value-In-Use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount after incorporating the considerations of Covid - 19.

(Amounts expressed in Sri Lankan Rs. '000)

## 23 INTANGIBLE ASSETS - GROUP (Contd.)

### Oils and fats sector

The recoverable amount of the CGU has been determined based on Value-In-Use ("VIU") calculations using cash flow projections from financial budgets approved by management.

The pre-tax discount rate applied to the cash flow projections and forecasted terminal growth rates used to extrapolate cash flow projections are as follows:

As at 31st March	Oil & Fats segment	
	2021	2020
Pre-tax discount rates	8.53%	11.26%
Terminal Growth Rate	2%	2%

### Beverage Sector

Goodwill relating to Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC is included in Beverage Sector. The value in use is assessed based on the financial budgets prepared by the management and by monitoring the net asset position of the entities.

### Portfolio and Asset Management Sector

Goodwill relating to Guardian Group is included in this Sector. The value in use is assessed based on the financial budgets prepared by the management and by monitoring the net asset position of the entities.

## (b) Software development costs and licenses

Software with a finite life is amortized over the period of expected economic benefit.

Software development costs and licenses represent the costs incurred in the development of the Group Enterprise Resource Planning ("ERP") systems and its related licenses that are used to generate financial and management information and have an average remaining amortization period of 2 years (2020: 4 years).

All research costs and development costs not eligible for capitalization amounting to Rs. 77.71. Mn (2020: Rs. 106.7 Mn) have been expensed and are recognized in the Income Statement.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### (c) Land Rights

#### (i) Details of leasehold property - Indonesia

Land rights represent amounts paid on obtaining land rights certificate under Hak Guna Usaha ("HGU") or Right to cultivate and expenses incurred for obtaining operating licences. The land rights have an average remaining amortisation period of 21 years (2020: 22 years).

Management believes that the existing land rights of the Group will be renewed by the Government of Indonesia upon expiry because under the laws of Indonesia, land rights can be renewed upon the request of the HGU holder (subject to the approval of the Government of Indonesia).

Land rights acquisition costs representing the cost associated with the legal transfer or renewal for titles of land rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. Such costs are also deferred and amortised on a straight-line basis over the terms of the related land rights of 30 years.

#### (ii) Provision for impairment on land rights

The carrying value of assets of the Indonesian Plantation Companies were tested for impairment based on an internal valuation. The recoverable value of the plantation assets have been established based on their cash generating potential over their useful economic life on 'going concern' basis. As per the internal valuation, the recoverable value of the assets were higher than its carrying value, No impairment was required for the financial year ended 31st March 2021.

#### (iii) Analysis of prepaid land rights

As at 31st March	Group 2021	2020
Prepaid lease rights that are to be amortised;		
Not later than one year	254,384	212,699
Later than one year but not later than 5 years	1,091,072	894,666
Later than five years	4,103,720	3,729,928
	<b>5,449,176</b>	<b>4,837,293</b>

### (d) Brands - of Millers Brewery Limited

The acquired brands amounting to Rs. 4,000,000,000/- during FY 2014/15 from Millers Brewery Limited. The said acquisition consisted of five brands namely, Sando Power, Sando Stout, Three Coins, Grand Blonde and Irish Dark. Brands are not amortised as the useful life is considered to be infinite given the nature of the assets. However, the assessment of indefinite life is reviewed annually. The brands are tested for impairment annually.

#### Impairment assumptions of Brands

Considering the impact on the business due to COVID-19, an impairment test was carried out for the brands acquired from Millers Brewery Ltd as at 31st March 2021 as per the accounting standard LKAS 36. The Lion Brewery (Ceylon) PLC computed its recoverable amount of the acquired brands by forecasting the annual sales values and discounting such estimated cash flows by its cost of equity adjusted with a risk premium. Cost of equity was determined based on the risk free rate of a 10 year treasury bond for the relevant cash flows, whereas the equity risk premium added was based on non-observable inputs as estimated for a valuation of the business in a previous period. Therefore, the difference in the discount rate compared with previous financial year is the change in the risk free rate due to market changes.

Accordingly, the carrying value of the said brands as at 31st March 2021 stands at Rs. 1,137, Mn. (2020 Rs 1,586 Mn) resulting in an impairment of Rs. 449 Mn which has been charged to the Income Statement

### (e) Customer relationships

Customer relationships acquired as part of business combination were initially recognised at their fair value at the date of acquisition and are subsequently carried at cost less accumulated amortisation and impairment. The average remaining amortisation period as at 31st March 2021 is Nil (2020: 1 year). Amortisation of customer relationships has been recognised under the line "Other operating expenses"

(Amounts expressed in Sri Lankan Rs. '000)

**24 INVESTMENT IN SUBSIDIARIES**

As at 31st March	Principal activities	Country of incorporation	Effective equity Interest held by the Group %		Investment through Group		Direct Investment by the Company	
			2021	2020	Cost 2021	Cost 2020	Cost 2021	Cost 2020
<b>(i) Quoted Investments</b>								
<b>Investments in Ordinary Shares</b>								
Equity Two PLC	Real Estate	Sri Lanka	87.88%	87.88%	389,166	389,166	6	6
Pegasus Hotels of Ceylon PLC	Leisure	Sri Lanka	89.98%	89.98%	408,680	408,680	414,480	414,480
Selinsing PLC	Oil palm plantation	Sri Lanka	51.03%	51.03%	724,640	724,640	-	-
Good Hope PLC	Oil palm plantation	Sri Lanka	48.50%	48.50%	497,584	497,584	-	-
Indo - Malay PLC	Oil palm plantation	Sri Lanka	46.48%	46.48%	1,382,499	1,382,499	-	-
Shalimar (Malay) PLC	Oil palm plantation	Sri Lanka	52.39%	52.39%	616,029	616,029	-	-
Ceylon Guardian Investment Trust PLC	Portfolio and Asset Management	Sri Lanka	69.30%	69.30%	705,251	705,251	701,375	701,375
Ceylon Investment PLC	Portfolio and Asset Management	Sri Lanka	45.70%	45.70%	520,267	520,267	-	-
Guardian Capital Partners PLC	Portfolio and Asset Management	Sri Lanka	60.45%	60.45%	446,267	446,267	-	-
Ceylon Beverage Holdings PLC	Beverage	Sri Lanka	75.37%	75.37%	719,260	719,260	1,167,166	1,167,166
Lion Brewery (Ceylon) PLC	Beverage	Sri Lanka	46.27%	46.27%	2,244,395	2,244,395	-	-
<b>Total investment in Subsidiaries - quoted</b>					<b>8,654,038</b>	<b>8,654,038</b>	<b>2,283,027</b>	<b>2,283,027</b>
<b>(ii) Unquoted Investment</b>								
Equity One Ltd	Real Estate	Sri Lanka	98.96%	98.96%	1,103,849	1,103,849	1,110,262	1,110,262
Leechman and Company (Private) Limited	Portfolio and Asset Management	Sri Lanka	100.00%	100.00%	849	849	849	849
Rubber Investment Trust Limited	Portfolio and Asset Management	Sri Lanka	56.97%	56.97%	612	612	-	-
Pearl Springs (Pvt) Ltd	Investment holding	Sri Lanka	45.64%	45.64%	1,150,000	1,150,000	-	-
Millers Brewery Ltd	Beverage	Sri Lanka	45.64%	45.64%	1,150,000	1,150,000	-	-
Goodhope Investments Ltd	Business outsourcing	Sri Lanka	53.33%	53.33%	15,000	15,000	-	-
Guardian Fund Management Limited	Portfolio and Asset Management	Sri Lanka	69.30%	69.30%	55,682	55,682	-	-
Guardian Value Fund Management LLC	Portfolio and Asset Management	Mauritius	57.50%	57.50%	805,153	805,153	-	-
Guardian Fund Management LLC	Portfolio and Asset Management	Mauritius	57.50%	57.50%	12,722	12,722	-	-
The Sri Lanka Fund	Portfolio and Asset Management	Cayman Islands	-	49.36%	-	108,420	-	-
Goodhope Asia Holdings Ltd	Investment holding	Singapore	53.33%	53.33%	5,587,014	5,587,014	5,587,014	5,587,014
Shalimar Developments Sdn. Bhd.	Investment holding	Malaysia	51.34%	51.34%	2,665,105	2,665,105	-	-
PT Agro Indomas	Oil palm plantation	Indonesia	48.61%	48.61%	2,300,042	2,300,042	-	-
PT Agro Bukit	Oil palm plantation	Indonesia	50.67%	50.67%	4,785,841	4,785,841	-	-
PT Karya Makmur Sejahtera	Oil palm plantation	Indonesia	50.67%	50.67%	2,614,607	1,127,370	-	-
PT Agro Wana Lestari	Oil palm plantation	Indonesia	50.67%	50.67%	4,077,542	4,077,542	-	-
PT Rim Capital	Oil palm plantation	Indonesia	50.67%	50.67%	1,293,076	1,293,076	-	-
PT Nabire baru	Oil palm plantation	Indonesia	50.67%	50.67%	8,190,664	8,190,664	-	-
PT Agrajaya Baktitama	Oil palm plantation	Indonesia	50.67%	50.67%	4,065,951	292,136	-	-
PT Batus Mas Sejahtera	Oil palm plantation	Indonesia	50.67%	50.67%	2,508,442	284,638	-	-
PT Sawit Makmur Sejahtera	Oil palm plantation	Indonesia	50.67%	50.67%	2,277,516	293,587	-	-
PT Sumber Hasil Prima	Oil palm plantation	Indonesia	50.67%	50.67%	6,708,448	331,125	-	-
PT Sinar Sawit Andalan	Oil palm plantation	Indonesia	50.67%	50.67%	2,019,203	325,595	-	-
PT Siriwana Adi Pereksa	Oil palm plantation	Indonesia	50.67%	50.67%	1,096,637	136,839	-	-
PT Agro Bina Lestari	Oil palm plantation	Indonesia	50.67%	50.67%	257,929	257,929	-	-
					<b>54,741,884</b>	<b>36,350,790</b>	<b>6,698,125</b>	<b>6,698,125</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

24 INVESTMENT IN SUBSIDIARIES (Contd.)	Principal activities	Country of incorporation	Effective equity Interest held by the Group %		Investment through Group		Direct Investment by the Company	
			2021	2020	Cost 2021	Cost 2020	Cost 2021	Cost 2020
As at 31st March								
PT Agro Surya Madiri	Oil palm plantation	Indonesia	50.67%	50.67%	257,929	257,929	-	-
PT Agro Asia Pacific	Trading of palm oil products	Indonesia	53.33%	53.33%	15,478	15,478	-	-
Agro Asia Pacific Limited	Trading of palm oil products	Singapore	53.33%	53.33%	20,296	20,296	-	-
PT Agro Harapan Lestari	Plantation management services	Indonesia	53.23%	53.23%	119,152	119,152	-	-
Agro Harapan Lestari (Private) Limited	Management services	Sri Lanka	53.33%	53.33%	26,865	26,865	-	-
AHL Business Solution (Private) Limited	Business outsourcing	Sri Lanka	53.33%	53.33%	207,500	207,500	-	-
Premium Nutrients Pvt Ltd	Investment holding	Singapore	53.33%	53.33%	7,917,699	7,917,699	-	-
Premium Oils & Fats Sdn. Bhd.	Operating headquarters	Malaysia	53.33%	53.33%	36,504	36,504	-	-
Premium Vegetable Oils Sdn. Bhd.	Oils and Fats	Malaysia	42.66%	53.33%	5,146,677	5,146,677	-	-
Arani Agro Oil Industries Pvt Ltd	Oils and Fats	India	53.33%	53.33%	4,828,124	4,213,048	-	-
Carsons Management Services (Private) Limited	Management Services	Sri Lanka	100.00%	100.00%	323,341	323,341	323,341	323,341
Less: Impairment							(323,341)	(323,341)
Carsons Airline Services (Private) Limited	Leisure	Sri Lanka	100.00%	100.00%	18,999	18,999	18,999	18,999
Less: Impairment							(18,999)	(18,999)
Equity Hotels Limited	Leisure	Sri Lanka	89.98%	89.98%	7,296	7,296	-	-
Equity Three (Private) Limited	Real Estate	Sri Lanka	98.95%	98.75%	54,000	54,000	-	-
Pubs 'N Places (Private) Ltd	Beverage	Sri Lanka	75.37%	75.37%	511,881	511,881	-	-
Retail Spaces (Private) Limited	Beverage	Sri Lanka	75.37%	75.37%	-	-	-	-
Luxury Brands (Private) Limited	Beverage	Sri Lanka	75.37%	75.37%	250,000	250,000	-	-
					74,483,625	55,477,455	6,698,125	6,698,125
<b>(iii) Investments in Quoted Deferred Shares</b>								
Ceylon Guardian Investment Trust PLC					126,863	126,863	126,863	126,863
Total Investment in Subsidiaries - Unquoted					126,863	126,863	126,863	126,863
<b>(iv) Deemed Investments</b>								
Equity One Ltd					-	-	194,303	194,303
Pegasus Hotels of Ceylon PLC					-	-	5,352	5,352
Carsons Management Services (Private) Limited					-	-	3,358	3,358
Impairment					-	-	(3,358)	(3,358)
Carsons Airline Services (Private) Limited					-	-	3,019	3,019
Impairment					-	-	(3,019)	(3,019)
					-	-	199,655	199,655
<b>Total Investment in Subsidiaries</b>					<b>83,264,526</b>	<b>64,258,356</b>	<b>9,307,670</b>	<b>9,307,670</b>

(Amounts expressed in Sri Lankan Rs. '000)

## 24 INVESTMENT IN SUBSIDIARIES (Contd.)

### (a) Disposal of interest in subsidiaries with loss of control - 2020/21

Group disposed partial interest in the following subsidiary with loss of control.

Immediate holding company	Name of subsidiary	Disposal of interest	Proportion of ownership interest after disposal (Group gross interest) %	Consideration
Ceylon Guardian Investment Trust PLC	The Sri Lanka Fund	39.12%	0.00%	63,634
Ceylon Investment PLC	The Sri Lanka Fund	39.12%	0.00%	63,634

### (b) Acquisition of new subsidiaries - 2019/20

During the year, in 2019/20, the Group formed the following subsidiaries:

Investor	Subsidiary	Acquired interest	Consideration Paid
Ceylon Guardian Investment Trust PLC	Guardian Value Fund LLC	44.35%	357,139
Ceylon Investment PLC		44.35%	357,139
Rubber Investment Trust Limited		11.30%	90,875
Ceylon Guardian Investment Trust PLC	Guardian Fund Management LLC	50.00%	6,361
Ceylon Investment PLC		50.00%	6,361

### (c) Disposal of interest in subsidiaries without loss of control - 2019/20

In 2019/20 the Group disposed partial interest in the following subsidiary without loss of control.

Immediate holding company	Name of subsidiary	Disposal of interest	Proportion of ownership interest after disposal (Group gross interest) %	Consideration
Premium Nutrients Pvt Ltd	Premium Vegetable Oils Sdn. Bhd.	20.00%	80.00%	1,591,764
Ceylon Guardian Investment Trust PLC	The Sri Lanka Fund	4.22%	39.12%	66,609
Ceylon Investment PLC	The Sri Lanka Fund	4.22%	39.12%	66,609

### (d) Disposal of interest in subsidiaries with loss of control - 2019/20

In year 2019/20 the Group disposed partial interest in the following subsidiary with loss of control.

Immediate holding company	Name of subsidiary	Disposal of interest	Proportion of ownership interest after disposal (Group gross interest) %	Consideration
Premium Nutrients Pvt Ltd	Premium Fats Sdn. Bhd.	51.00%	49.00%	578,836

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### (e) Share Dilution of group Subsidiaries, Premium Fats Sdn Bhd (PFSB) and Premium Vegetables Premium Oils and Fats Sdn. Bhd (PVOSB) - 2019/20

Premium Nutrients Private Limited (PNPL), a fully owned subsidiary of Goodhope Asia Holdings Ltd concluded a business tie-up with J-Oil Mills INC, a listed entity on the Tokyo Stock Exchange, Japan on 2nd December 2019 for equity dilution in two subsidiary Companies of PNPL given below.

PNPL held 100% ownership in PFSB and PVOSB. J-Oil Mills INC acquired 51% stake in PFSB and a 20% stake in PVOSB at a total consideration of US\$ 12 million.

J-Oil Mills, INC engages in the production, processing, and sale of fats and oil products. It operates in three Segments. The oil and fats business segment offers fats and oil, soybean meals, and rapeseed meals. The oil and fats processing business segment offers margarine and powdered oil. The foodstuffs and fine material business includes the production, processing, and sale of starch, and chemical products.

PNPL continues to hold 49% stake in PFSB and 80% stake in PVOSB. PFSB is no longer considered as a Subsidiary Company within the Group and now considered as an Investment in Associate.

### 25 NON CONTROLLING INTEREST

Group had established control over all of its subsidiaries without having to make significant assumptions throughout the year.

#### (a) Summary of non controlling interest

	Group	
	2021	2020
<b>Balance as at 1st April</b>	<b>28,221,465</b>	31,585,445
Total comprehensive income/(expenses) for the year	11,128,929	(4,489,931)
Total contributions by and distributions to owners	575,445	(221,407)
Total changes in ownership interests in subsidiaries	(43,658)	1,347,358
<b>Balance as at 31st March</b>	<b>39,882,181</b>	28,221,465

(Amounts expressed in Sri Lankan Rs. '000)

**25 NON CONTROLLING INTEREST (Contd.)****(b) The following table summarizes the information relating to each of the Group's subsidiaries, that has material Non controlling interest.**

For the year ended 31st March	Goodhope Asia Holdings Ltd		Ceylon Beverage Holdings PLC		Ceylon Guardian Investments Trust PLC	
	2021	2020	2021	2020	2021	2020
<b>Summarised statement of Income</b>						
Revenue	61,545,494	55,110,138	51,172,154	49,215,362	1,594,228	701,539
Profit/(loss) before Income tax expenses	7,062,744	(3,530,954)	4,284,507	4,494,245	3,210,330	(1,357,541)
Income tax expenses	(2,734,143)	(393,193)	(1,850,001)	(1,674,671)	(56,761)	(35,161)
Net profit/(loss) for the year	4,139,391	(3,701,614)	2,434,506	2,819,574	3,248,161	(1,422,792)
Other comprehensive income/(expenses)	9,331,203	(7,159,048)	672	288,635	3,102,026	(499,493)
Total comprehensive income/(expenses)	13,470,594	(10,860,662)	2,435,178	3,108,209	6,350,187	(1,922,285)
Net profit/(loss) attributable to NCI	2,218,168	(1,854,532)	1,318,707	1,512,792	1,355,398	(596,244)
Other comprehensive income/(expenses) attributable to NCI	4,858,297	(3,503,638)	361	155,084	1,318,252	(228,074)
Total comprehensive income/(expenses) attributable to NCI	7,076,465	(5,358,170)	1,319,068	1,667,876	2,673,650	(824,318)
<b>Summarised statement of Financial Position</b>						
Non-current assets	100,443,382	84,639,599	21,154,108	21,970,419	6,986,400	3,931,533
Current assets	28,800,537	23,851,127	15,284,563	18,340,783	13,427,930	11,133,987
Non-current liabilities	58,457,662	56,329,949	8,430,371	7,701,189	12,615	10,834
Current liabilities	34,611,878	30,429,395	11,100,657	17,553,480	328,349	1,172,451
Net assets attributable to NCI	22,332,933	14,007,488	9,043,256	8,056,278	8,111,627	5,706,086
<b>Summarised Cashflow Information</b>						
Cash flows from operating activities	5,868,534	848,587	5,688,561	1,964,068	1,025,567	1,372,857
Cash flows from investing activities	(4,156,619)	(4,773,103)	(157,919)	(647,747)	2,440	(160)
Cash flows from financing activities	(1,866,206)	7,067,498	(8,025,983)	196,474	(1,065,338)	823,726
	(154,291)	3,142,983	(2,495,341)	1,512,794	(37,331)	2,196,423
(Total Dividend paid to NCI - Rs. 403.62 Mn - 2020 Rs Mn 276.8 Mn)	-	-	(304,623)	(263,374)	7,751	13,598
Effective ownership interests held by NCI	46.67%	46.67%	24.63%	24.63%	30.70%	30.70%

**26 INVESTMENTS IN EQUITY ACCOUNTED INVESTEE****(a) The following are the Equity Accounted Investees of the Group**

Name of investee	Note	Principal activities	Relationship Status	Proportion of ownership interest %	Proportion of effective ownership interest %
Guardian Acuity Asset Management Limited	(i)	Unit trust Management	Joint Venture	50	34.65
Premium Fats Sdn. Bhd.	(ii)	Oils and Fats	Associate	49	26.13

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 26 INVESTMENTS IN EQUITY ACCOUNTED INVESTEE (Contd.)

#### (i) Joint Venture Company

Guardian Acuity Asset Management Limited, is a company incorporated in Sri Lanka, to set up and carry out Unit Trust Management activities licensed by Securities and Exchange Commission of Sri Lanka, and governed by a Joint Venture agreement between Acuity Partners (Private) Limited and Ceylon Guardian Investment Trust PLC. Ceylon Guardian Investment Trust PLC and Acuity Partners (Pvt) Limited hold 50% each of the issued share capital in the said company.

#### (ii) Associate Company

As at 31 March 2021, the Group has a 49% interest in Premium Fats Sdn. Bhd. (PFSB), which is involved in the manufacture and sale of oils and fats.

#### (b) Measurement of Investments in Equity Accounted Investee - Group

	Carrying Value 2021	Cost 2021	Carrying Value 2020	Cost 2020
As at 31st March				
<b>Joint venture Company</b>				
<b>On Unquoted Shares</b>				
Guardian Acuity Asset Management Limited	35,000	35,000	35,000	35,000
<b>Associate Company</b>				
Premium Fats Sdn. Bhd.	91,648	91,648	91,648	91,648
	126,648	126,648	126,648	126,648
<b>Investors' share of net assets</b>				
As at the beginning of the year	506,457		13,123	
Associate Share of net assets attributable to the group	-		464,490	
Share of profit/(loss) of equity accounted investee, (net of tax)	(18,776)		11,351	
Dividend income from joint venture company	(4,731)		-	
<b>Share of other comprehensive income of equity accounted investee, (net of tax)</b>	49,198		17,493	
<b>Investments in Equity Accounted Investee (Equity Basis)</b>	532,148		506,457	
<b>Carrying amount of interest in Equity Accounted Investee (Equity Basis)</b>	658,796		633,105	

(c) The summarized financial information of the equity accounted investee, adjusted for the proportion of ownership interest held by the Group is as follows:

#### Share of net results of equity accounted investee

	Revenue		Profit/(loss) after tax		Group's Share of Profit/(loss) after tax		Other Comprehensive Income	
	2021	2020	2021	2020	2021	2020	2021	2020
For the year ended 31st March								
<b>Joint Venture Company</b>								
Guardian Acuity Asset Management Limited	34,711	42,131	5,610	9,449	2,805	4,725	-	-
<b>Associate Company</b>								
Premium Fats Sdn. Bhd.	295,945	230,658	(44,042)	13,522	(21,581)	6,626	49,198	17,493
	330,656	272,789	(38,432)	22,971	(18,776)	11,351	49,198	17,493

(Amounts expressed in Sri Lankan Rs. '000)

## 26 INVESTMENTS IN EQUITY ACCOUNTED INVESTEE (Contd.)

For the year ended 31st March	Joint Venture Company		Associate Company	
	2021	2020	2021	2020
<b>Non - Current assets</b>	<b>1,141</b>	<b>1,530</b>	<b>511,365</b>	<b>471,522</b>
Current assets	117,440	153,660	865,064	791,123
<b>Total assets</b>	<b>118,581</b>	<b>155,190</b>	<b>1,376,429</b>	<b>1,262,645</b>
Non - Current Liabilities	1,684	1,770	32,972	43,677
Current liabilities	12,671	47,743	105,328	34,752
<b>Total liabilities</b>	<b>14,355</b>	<b>49,513</b>	<b>138,300</b>	<b>78,429</b>
Shareholders' equity (100%)	104,226	105,677	1,238,129	1,184,216
Proportion of the Group's ownership interest.	50%	50%	49.00%	49.00%
<b>Carrying amounts of investment</b>	<b>52,113</b>	<b>52,839</b>	<b>606,683</b>	<b>580,267</b>

## 27 INVESTMENT IN EQUITY AND DEBT SECURITIES

### (a) Summary - Group

	2021	2020
	Fair value	Fair value
<b>Non Current Assets</b>		
Fair value through Other Comprehensive Income		
Investment in Equity Securities - Quoted Shares	8,807,681	4,807,828
Investment in Debt Securities - Preference Shares - Unquoted	1	1
<b>Total Investments in equity and debt securities - Non current assets</b>	<b>8,807,682</b>	<b>4,807,829</b>
<b>Current assets</b>		
Fair value through profit or loss		
Investment in Equity Securities - Quoted Shares	9,291,354	7,496,826
Investment in Equity Securities - Unquoted Shares	112,073	101,449
Investment in Equity Securities - Private Equity (Unlisted)	126,663	139,650
Investment in Debt Securities - Treasury bonds- Unquoted	246,833	102,963
<b>Total Investments in equity and debt securities - Current assets</b>	<b>9,776,923</b>	<b>7,840,888</b>
Change in fair value of fair value through profit or loss financial assets	1,882,491	(1,838,501)
Investment in Equity and Debt Securities	1,710	37,074
Investment in unit trusts	1,884,201	(1,801,427)

Information about the Group's exposure to credit and market risks and fair value measurement are included in Note 43

The fair value of the Group's listed investment portfolio as at 31st March 2021 was based on the last traded volume weighted average price as at 31st March 2021 and as at 31st March 2020 was based on the last traded volume weighted average price as at 20th March 2020, published by the Colombo Stock Exchange.

The fair value of the Group's unlisted investment portfolio is based on the valuation carried out by investment managers, Guardian Fund Management Limited.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

<b>(b) Movement of Investment in Equity Securities - 2021</b>							
Non Current Assets	Fair Value as at 01st April 2020	Additions	Disposals/ Write Off	Amortised interest	Change in Fair Value*	Effect on currency translation	Fair Value as at 31st March 2021
Investment in Equity Securities - Quoted Shares - FVOCI	4,807,829	-	-	-	3,999,853	-	8,807,682
	4,807,829	-	-	-	3,999,853	-	8,807,682
Current Assets	Fair Value as at 01st April 2020	Additions	Disposals/ Write Off	Amortised interest	Change in Fair Value*	Effect on currency translation	Fair Value as at 31st March 2021
Investment in Equity Securities - Quoted Shares - FVTPL	7,496,826	1,763,741	(1,874,024)	-	1,884,854	19,957	9,291,354
Investment in Equity Securities - Unquoted Shares - FVTPL	241,099	-	-	-	(2,363)	-	238,736
Investment in treasury bonds/ Debentures - FVTPL	102,963	246,833	(99,264)	(3,699)	-	-	246,833
	7,840,888	2,010,574	(1,973,288)	(3,699)	1,882,491	19,957	9,776,923

### Movement of Investment in Equity Securities - 2020

Non Current Assets	Fair Value as at 01st April 2019	Additions	Disposals/ Write Off	Amortised interest	Change in Fair Value*	Effect on currency translation	Fair Value as at 31st March 2020
Investment in Equity Securities - Quoted Shares - FVOCI	5,342,032	-	-	-	(534,203)	-	4,807,829
	5,342,032	-	-	-	(534,203)	-	4,807,830
Current Assets	Fair Value as at 01st April 2019	Additions	Disposals/ Write Off	Amortised interest	Change in Fair Value*	Effect on currency translation	Fair Value as at 31st March 2020
Investment in Equity Securities - Quoted Shares - FVTPL	9,275,963	1,229,110	(1,169,950)	-	(1,838,297)	-	7,496,826
Investment in Equity Securities - Unquoted Shares - FVTPL	248,642	-	(8,511)	-	968	-	241,099
Investment in treasury bonds/ Debentures - FVTPL	207,101	398,465	(500,343)	(1,088)	(1,172)	-	102,963
	9,731,706	1,627,575	(1,678,804)	(1,088)	(1,838,501)	-	7,840,888

**(c)** The fair value adjustment represents the net unrealised gains/(losses) on fair value adjustment of investment portfolios including any adjustment on impairment losses.

(Amounts expressed in Sri Lankan Rs. '000)

<b>27 INVESTMENT IN EQUITY AND DEBT SECURITIES (Contd.)</b>				
<b>(d) Fair value through other comprehensive income (FVOIC)</b>				
As at 31st March	No of Shares 2021	Fair value 2021	No of Shares 2020	Fair value 2020
<b>Investment in equity securities - Quoted</b>				
Oil Palm				
Bukit Darah PLC	26,710,158	8,807,681	26,710,158	4,807,828
		8,807,681		4,807,828
<b>Total Investment in equity securities -Quoted</b>		<b>8,807,681</b>		<b>4,807,828</b>
<b>Investment in Preference shares</b>				
Bukit Darah PLC - 8% participative cumulative		1		1
(No of shares - 31,875)		1		1
<b>Total Investment in FVOIC</b>		<b>8,807,682</b>		<b>4,807,829</b>
<b>(e) Fair value through profit or loss (FVTPL)</b>				
As at 31st March	No of Shares 2021	Fair value 2021	No of Shares 2020	Fair value 2020
<b>(i) Investment in equity securities - Quoted</b>				
<b>Banks</b>				
Commercial Bank of Ceylon PLC	10,823,936	925,447	7,298,503	438,640
Hatton National Bank PLC	4,730,858	596,088	3,985,482	418,874
Hatton National Bank PLC - Non Voting	3,540,508	344,137	3,338,896	334,891
National Development Bank PLC	421,971	34,095	297,114	19,669
Sampath Bank PLC	8,138,757	437,865	3,721,604	442,872
Seylan Bank PLC	506,710	24,829	386,965	12,963
		2,362,461		1,667,909
<b>Chemicals &amp; Pharmaceuticals</b>				
Union Chemicals Lanka PLC	200	143	200	80
		143		80
<b>Capital goods</b>				
Aitken Spence PLC	-	-	2,494,600	76,584
Hemas Holdings PLC	12,929,644	1,078,332	9,965,193	560,044
John Keells Holdings PLC	2,411,290	358,076	814,825	94,031
		1,436,408		730,659
<b>Consumer Durables &amp; Apparel</b>				
Hayleys Fabric PLC	-	-	10,702,423	93,111
		-		93,111
<b>Consumer service</b>				
Aitken Spence Hotels Holdings PLC	5,653,438	170,734	5,653,438	85,367
John Keells Hotels PLC	760,206	7,222	-	-
		177,956		85,367
<b>Diversified financials</b>				
Central Finance Company PLC	20,991,728	1,694,032	21,870,629	1,771,521
People's Leasing and Finance Company PLC	28,467,935	335,922	27,734,043	338,355
		2,029,954		2,109,876

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

<b>27 INVESTMENT IN EQUITY AND DEBT SECURITIES (Contd.)</b>				
<b>(e) Fair value through profit or loss (Contd.)</b>				
As at 31st March	No of Shares 2021	Fair value 2021	No of Shares 2020	Fair value 2020
<b>Energy</b>				
Lanka IOC PLC	20,000	380	20,000	316
		380		316
<b>Food beverage &amp; Tobacco</b>				
Cargills (Ceylon) PLC	3,516,215	826,311	4,520,606	768,503
Ceylon Cold Stores PLC	15,880	9,873	880	576
Distilleries Company of Sri Lanka PLC	27,478,608	546,824	27,477,908	357,213
Melstacorp PLC	5,276,312	232,158	12,401,692	292,680
Sunshine Holdings PLC	6,887,229	182,512	1,300,000	49,270
		1,797,678		1,468,242
<b>Health Care</b>				
The Lanka Hospitals Corporation PLC	-	-	616,169	16,945
		-		16,945
<b>Insurance</b>				
Ceylinco Insurance PLC - Non Voting	325,266	357,792	325,266	256,960
HNB Assurance PLC	6,172,514	366,030	2,288,869	276,954
Peoples Insurance PLC	-	-	4,343,154	74,268
Union Assurance PLC	199,000	62,188	199,000	59,700
		786,010		667,882
<b>Materials</b>				
Alumex PLC	-	-	1,352,489	9,738
Chevron Lanka Lubricants PLC	555,944	50,035	828,746	44,338
Swisstek (Ceylon) PLC	-	-	260,000	7,020
Tokyo Cement Company (Lanka) PLC	-	-	6,561,688	147,638
Tokyo Cement Company (Lanka) PLC - Non voting	-	-	3,155,872	63,117
		50,035		271,851
<b>Real Estate</b>				
Overseas Realty (Ceylon) PLC	500,000	7,750	500,000	6,000
		7,750		6,000
<b>Telecommunication</b>				
Dialog Axiata PLC	38,823,074	504,700	38,823,074	329,996
		504,700		329,996
<b>Utilities</b>				
LVL Energy Fund Limited	1,257,100	12,194	11,569,600	48,592
Vallibel Power Erathna PLC	2,270,000	16,797		
		28,991		48,592
<b>Foreign equity investment</b>				
Anheuser-Busch InBev SA/NV	4,250	54,196	-	-
CK Hutchison Holdings Ltd	22,700	36,244	-	-
Thai Beverage PCL	187,000	18,448	-	-
		108,888		
Total Investment in FVTPL		9,291,354		7,496,826

(Amounts expressed in Sri Lankan Rs. '000)

**27 INVESTMENT IN EQUITY AND DEBT SECURITIES (Contd.)****(e) Fair value through profit or loss (Contd.)**

As at 31st March	No of Shares 2021	FVTPL		Fair value 2020		
		Fair value 2021	No of Shares 2020			
<b>(ii) Investments in equity securities - Unquoted</b>						
ACW Insurance (Private) Limited	449,999	-	449,999	-		
Asia Pacific Golf Course Limited	10	-	10	-		
Sea Food Exporters Consortium (Private) Limited	402,000	-	402,000	-		
Ceybank Asset Management Ltd	360,001	75,058	360,001	66,013		
Equity Investment Lanka (Private) Limited	22,500	2	22,500	2		
Kandy Private Hospitals Limited	1,200	18	1,200	18		
Lanka Communications Limited	1,428,496	36,995	1,428,496	35,416		
Produce Transport Limited	1	-	1	-		
Riverside Resorts (Pvt) Ltd	2,600,020	-	2,600,020	-		
Serendib Agro Products Limited	2,500	-	2,500	-		
Total Investment in equity securities - Unquoted		112,073		101,449		
<b>(iii) Investment in equity securities - Private equity (unlisted)</b>						
Findmyfare (Pvt) Ltd (note a)	302,791	303	302,791	33,179		
hSenid Business Solutions (Pvt) Ltd. (note b)	163,419	126,360	163,419	106,471		
Swiss Institute For Service Industry Development (Private) Limited - Ordinary shares	847	-	847	-		
- 10% Cumulative Preference Shares	1,273	-	1,273	-		
Kashmi Singapore PTE. LTD	-	-	417	-		
Total investment in private Equity		126,663		139,650		
Total investment equity securities		9,530,090		7,737,925		
As at 31st March	No of Debentures 2021	Fair value 2021	No of Debentures 2020	Fair value 2020		
<b>(iv) Investment in debt securities</b>						
<b>Investment in debenture</b>						
Sampath Bank PLC	-	-	1,000,000	102,963		
Total investments in debentures		-		102,963		
	Maturity Date	Interest Rate	Face Value	2021 Carrying Value	2020 Carrying Value	Fair Value
<b>(v) Investments in corporate treasury bonds</b>						
Singtel Group Treasury Pte Ltd	08/09/2021	4.50%	USD 200,000	40,707	-	-
State Bank of India/London	24/01/2022	3.25%	USD 200,000	40,838	-	-
CK Hutchison International (16) Ltd	03/10/2021	1.88%	USD 400,000	81,215	-	-
ICICI Bank Ltd/Dubai	09/09/2022	3.25%	USD 200,000	41,044	-	-
State Bank of India/London	28/09/2023	4.50%	USD 200,000	43,029	-	-
Total			-	246,833	-	-
Total investment in debt securities				246,833	102,963	

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Valuation of Private Equity Investments

The fair value of the Group's unlisted investment portfolio is based on the valuations carried out by the investment manager, Guardian Fund Managers Limited. Information about the valuation techniques and significant unobservable inputs used in the said valuations are given in note 42.

#### (a) Valuation of Findmyfare (Pvt) Ltd (FMF)

Considering the severe impact on business operations of FMF by prolonged COVID 19 restrictions and the current financial situation of FMF it was deemed appropriate to write down the CGIT investment value in FMF. Accordingly, as of 31st March 2021, the investment value was marked down to Rs 0.3 Mn from Rs 33.2 Mn, recording a fair value loss of Rs. 32.9 Mn. The cost of the investment in FMF was Rs 51.8 Mn. Details on Valuation techniques disclosed under note 42 (C).

#### (b) Valuation of hSenid Business Solutions (Pvt) Ltd (hSenid)

The investment value of hSenid was revalued up by Rs 19.9 Mn to Rs 126.4 Mn from the previous year's valuation of Rs 106.5 Mn, considering the improvement in financial strength, business stability, and other valuation matrices during the year. While the COVID 19 pandemic and its effects on business environment may impact the business prospects to some extent (which has been factored into the valuation), the Group expects that hSenid is positioned well in the market and will continue to grow in the medium to long term. Details on Valuation techniques disclosed under note 42 (C)

#### (f) Movement of Investment in Equity and Debt Securities - Company

As at 31st March	2021 Fair value	2020 Fair value
<b>Non Current Assets</b>		
Investment in Equity Securities- Quoted Shares - FVOCI	5,219,864	4,004,957
Total Investments in equity securities - Non current assets	5,219,864	4,004,957
<b>Current assets</b>		
Investment in Equity Securities - Quoted Shares		
- Fair value through profit or loss	15,523	18,118
Investment in Equity Securities- Unquoted Shares		
- Fair value through profit or loss	75,058	66,013
Total Investments in equity securities - Current assets	90,581	84,131

#### Movement of Investment in Equity Securities - 2021 - Company

	Fair Value as at 01st April 2020	Additions	Disposals/ Write Off	Transfers	Change in Fair Value	Fair Value as at 31st March 2021
<b>Non Current Assets</b>						
Investment in Equity Securities						
- Quoted Shares - FVOCI	4,004,957	-	-	-	1,214,907	5,219,864
	4,004,957	-	-	-	1,214,907	5,219,864
<b>Current Assets</b>						
Investment in Equity Securities						
- Quoted Shares - FVTPL	18,118	-	(6,887)	-	4,292	15,523
Investment in Equity Securities						
- Unquoted Shares - FVTPL	66,013	-	-	-	9,045	75,058
	84,131	-	(6,887)	-	13,337	90,581

(Amounts expressed in Sri Lankan Rs. '000)

**27 INVESTMENT IN EQUITY AND DEBT SECURITIES (Contd.)****Movement of Investment in Equity Securities - 2020 - Company**

	Fair Value as at 01st April 2019	Additions	Disposals/ Write Off	Transfers	Change in Fair Value	Fair Value as at 31st March 2020
<b>Non Current Assets</b>						
Investment in Equity Securities						
- Quoted Shares - FVOCI	4,324,173	-	-	-	(319,216)	4,004,957
	4,324,173	-	-	-	(319,216)	4,004,957
<b>Current Assets</b>						
Investment in Equity Securities						
- Quoted Shares - FVTPL	24,003	-	-	-	(5,885)	18,118
Investment in Equity Securities						
- Unquoted Shares - FVTPL	65,045	-	-	-	968	66,013
	89,048	-	-	-	(4,917)	84,131

**(g) Measurement of investment in equity securities - Company**

	FVTPL				FVOCI			
	No of Shares	Fair value						
	2021	2021	2020	2020	2021	2021	2020	2020
<b>(i) Investment in equity securities</b>								
<b>- Quoted</b>								
<b>Capital goods</b>								
Hemas Holdings PLC	113,026	9,426	113,026	6,352	-	-	-	-
John Keels Holdings PLC	33,854	5,027	93,538	10,794	-	-	-	-
<b>Chemicals &amp; Pharmaceuticals</b>								
Union Chemicals Lanka PLC	200	143	200	80	-	-	-	-
<b>Diversified Financials</b>								
Guardian Capital Partners PLC*	-	-	-	-	582,225	16,593	582,225	10,887
<b>Energy</b>								
Lanka IOC PLC	20,000	380	20,000	316	-	-	-	-
<b>Food beverage &amp; Tobacco</b>								
Bukit Darah PLC*	-	-	-	-	6,271,908	2,068,161	6,271,908	1,128,943
Ceylon Cold Stores PLC	880	547	880	576	-	-	-	-
Lion Brewery (Ceylon) PLC*	-	-	-	-	5,509,860	3,135,110	5,509,860	2,865,127
<b>Total Investment in equity securities</b>								
- Quoted		15,523		18,118		5,219,864		4,004,957
<b>(ii) Investment in equity securities</b>								
<b>- Private equity (unlisted)</b>								
Ceybank Asset Management Ltd	360,001	75,058	360,001	66,013	-	-	-	-
<b>Total</b>		90,581		84,131		5,219,864		4,004,957

\*The Company has elected to classify these investment securities as FVOCI due to the Company's intention to hold these equity instruments to meet various requirements including long term appreciation and ability to liquidate etc. During the year, the Company recognised dividend income of Rs 47.8 Mn. from its investment securities at FVOCI.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 28 INVESTMENT IN UNIT TRUST

As at 31st March	Group	
	2021	2020
Balance as at the beginning of the year	602,690	270,091
Investments during the year	470,659	3,642,430
Disposals during the year	(876,906)	(3,346,905)
Fair value adjustment	1,710	37,074
	198,153	602,690

As at 31st March	Group			
	FVTPL		No. of Units 2020	Fair Value 2020
	No. of Units 2021	Fair Value 2021		
<b>Current Assets</b>				
Guardian Acuity Equity fund	620,159	11,203	620,159	7,690
Guardian Acuity Money Market Fund	9,149,024	186,950	30,620,525	595,000
Total investment in unit trust - Current assets		198,153		602,690

Valuation of unit trust is based on the unit price published by the Unit Trust Managers, Guardian Acuity Asset Management Limited as at 31st March.

### 29 INVENTORIES

As at 31st March	Group	
	2021	2020
Raw materials	3,312,659	3,152,837
Work-in-progress	2,060,982	2,471,104
Goods in Transit	1,085,938	164,793
Finished goods	3,965,641	2,536,440
	10,425,220	8,325,174
Impairment provision for inventory	(160,107)	(134,439)
	10,265,113	8,190,735

#### Assets pledged as security

The Group has pledged inventories amounting to approximately Rs. 3,748 Mn or equivalent to US\$ 18,760,000 (2020: Rs. 4,340 Mn or equivalent to US\$ 22,855,000) as security for bank borrowings.

(Amounts expressed in Sri Lankan Rs. '000)

30	TRADE AND OTHER FINANCIAL RECEIVABLES AND OTHER NON - FINANCIAL RECEIVABLES	Group		Company	
		2021	2020	2021	2020
	As at 31st March				
	<b>Non Current</b>				
	Other financial receivables				
	Land compensation receivable (Note c)	24,759	24,759	-	-
		24,759	24,759	-	-
	<b>Other non financial receivables</b>				
	Plasma receivables (Note e)	4,791,058	4,142,981	-	-
	Income tax receivable	2,977,370	2,790,281	-	-
	Other receivables	1,673,006	1,738,250	-	-
		9,441,434	8,671,512	-	-
	<b>Current</b>				
	Trade receivables				
	Trade receivables (net of provisions)	4,800,369	3,970,640	12,416	-
	Amount due from related companies (Note d)	-	-	128,361	215,781
		4,800,369	3,970,640	140,777	215,781
	<b>Other financial receivables</b>				
	Other receivables	2,143,576	1,598,249	-	-
	Loans given to employees	23,545	10,540	-	-
		2,167,121	1,608,789	-	-
	<b>Other non financial receivables</b>				
	Plasma receivables (Note e)	2,861,036	2,248,784	-	-
	Advances made on projects	717	1,251	-	-
	Taxes receivable	4,375,518	3,539,087	-	-
	Prepayments	1,710,462	2,022,915	5,454	5,500
		8,947,733	7,812,037	5,454	5,500
	Total financial & non financial receivable - Non Current	9,466,193	8,696,271	-	-
	Total financial & non financial receivable - Current	15,915,223	13,391,466	146,231	221,281
	<b>Financial assets carried at amortised cost</b>				
	Trade receivables	4,800,369	3,970,640	140,777	215,781
	Other financial receivables - Current	2,167,121	1,608,789	-	-
	Other financial receivables - Non current	24,759	24,759	-	-
	Cash and Bank balances (Note 31)	19,953,659	22,386,248	903,460	305,724
		26,945,908	27,990,436	1,044,237	521,505
<b>(a)</b>	<b>Assets pledged as security</b>				
	The Group has pledged receivables amounting to approximately Rs. 3,198 Mn or equivalent to US\$ 16,008,000 (2020: Rs. 4,878 Mn or equivalent to US\$ 25,687,000) as security for bank borrowings.				
<b>(b)</b>	<b>Trade receivables denominated in foreign currency as follows:</b>				
	As at 31st March			Group	
				2021	2020
	US Dollar			2,091,820	4,558
	Malaysian Ringgit			1,057,900	2,457,625
	Indonesian Rupiah			848,678	961,894
				3,998,398	3,424,077

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### (c) Land compensation receivable

#### Pegasus Hotels of Ceylon PLC (PRH)

The Government of Sri Lanka acquired approximately 1,605 perches of land owned by the subsidiary Pegasus Hotels of Ceylon PLC (PRH) under section 38 provision (a) of the Land Acquisition Act, No.28 of 1964 by Gazette notification dated 14th May 2008 for the public purpose of building a fisheries harbour.

Accordingly, in the financial year 2008/09, the PRH submitted a claim of compensation amounting to Rs. 563 mn for 1,251 perches of the acquired land with the expectation that the balance 353.89 perches, which consists largely of mangrove land, will be divested back to the PRH as per Supreme Court order in November 2008 as discussed below. The said claim of Rs. 563 mn was made taking into account the market value of the property, potential economic value lost for hotel expansion and a value for nuisance that will be created for hotel operations by the said project. The PRH recorded the carrying value of Rs. 189.5 mn as the compensation receivable at the time of acquisition, in the financial statements for the said 1,251 land extent based on the market value of the said land.

On the 353.89 perches of land which was supposed to be divested back to the PRH as per the Supreme Court order in November 2008, the PRH filed a Motion in the Supreme Court to obtain an order for the divestiture of title on 30.09.2016 on the basis that the harbor project was then completed. However, at the hearing of this Motion on 18th October 2016, the Supreme Court decided that no further orders can be made by the Supreme Court. Subsequently, on our inquiry from the Divisional Secretary, we were informed that the said 353.89 perches of land will also be used for the fisheries harbour project and called for a further claim of compensation for the said land too. Accordingly, on 26.10.2017 the Company submitted a further claim for the said 353.89 perches of land amounting to Rs.159.3 mn on the same claim basis as per the 1,251 perches of land. However, as a matter of prudence, the PRH, at that time, accounted only Rs. 43,310/- as the compensation receivable in the financial statements based on the historical purchase cost. Accordingly, the carrying value of said 353.89 perches of land amounting to Rs. 105,900,000/- has also been removed from the property, plant and equipment during the financial year 2017/18.

On 06.05.2019 the PRH received an official notification pertaining to our claim of compensation in respect of land extent of 353.89 perches, awarding a compensation of Rs. 5,459,500/- relating to our claim of Rs. 159.3 mn. We have filed an appeal against the said award of compensation at the Land Acquisition Board of Review on 21.05.2019 and the inquiry is still ongoing. The compensation claim for the balance land of 1,251 perches is yet to be announced until the conclusion of the ongoing land case in the District Court of Negombo which has completed its hearing and awaiting judgement. However, as a matter of prudence the PRH made a provision for the compensation receivable applicable for 1,251 perches of land also based on the criteria of compensation awarded for the aforesaid 353.89 perches. Accordingly, Rs. 145.2 mn provision was made on the compensation receivable for the year ended 31st March 2019. However, since the substantial component of 1,251 perches of land was not entirely mangrove land, PRH could expect a better compensation than the amount awarded for the said 353.89 perches of mangrove land.

Further, as at the reporting date, the PRH has not received any confirmation from the Divisional Secretary on the value determination of the said claim made on 1,251 perches of land, pending the final determination of the court case described in note 45 The District Court has concluded the hearing, pending judgement. If the ruling is accepted by the losing party then the value determination of the claim would take place henceforth. However, further two appeal options are available for both parties at Provincial Civil Appellate Court and to the Supreme Court, if either party decided to contest the verdict of the District Court. In the opinion of the lawyer's a time estimation cannot be given for the finality of appeals if any. Under these circumstances, even if a valuation is determined by the Government, such value will not be disclosed till the court cases have come to a finality

The full compensation claim for the total land acquired of 1,605 perches stood Rs. 722 mn as of the reporting date, whilst the carrying value of the compensation receivable stood at Rs. 24.7 mn subsequent to the provisioning mentioned above.

### (d) Amounts due from related companies

As at 31st March	Company	
	2021	2020
<b>Current</b>		
Carsons Management Services (Private) Limited	106,408	198,828
Equity Hotels Ltd	21,953	16,953
	<b>128,361</b>	<b>215,781</b>

Current amounts due from wholly owned group subsidiaries are unsecured, non-interest-bearing and are repayable on demand. These balances are expected to be settled in cash.

(Amounts expressed in Sri Lankan Rs. '000)

### 30 TRADE AND OTHER FINANCIAL RECEIVABLES AND OTHER NON - FINANCIAL RECEIVABLES (Contd.)

#### (e) Plasma receivables

In accordance with the Indonesian government's policy, oil palm plantation companies are required to develop new plantations for the local communities within and around the company. A cooperative establishment is formed to take care of the landholder's rights and obligations and this form of assistance to local communities is generally known as the "Plasma Programme".

Plasma advances represent costs incurred for plasma plantation development and advances to Plasma farmers for working capital purposes during the early maturity stage. These include bearer plants and their infrastructures, covering costs incurred for land clearing, planting, upkeep, fertilisation, mature plantation management, harvesting and other indirect expenses. The advances will be subsequently recovered through revenue generated from the Plasma plantations.

Land rights of the Plasma plantation are mortgaged and pledged as security for obtaining bank loans from commercial banks in Indonesia. These land rights will be handed over to the Group upon the repayment of loan. In accordance with management agreements signed with the Plasma Corporative, which represent the Plasma members and the Group's subsidiary companies, these land titles can be retained by the Group as security until advances provided are paid in full through Plasma revenue.

#### (f) Expected credit losses

There are no material movement in allowance for expected credit losses of trade receivables based on lifetime ECL recorded by the Group during the financial year ended 31 March 2021 and 2020.

### 31 CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2021	2020	2021	2020
<b>Deposits</b>				
F.C.B.U. deposits	15,541	12,877	-	-
Call deposits	434,992	623,434	288,667	-
Fixed deposits and Savings	11,780,425	10,303,964	546,424	50
Short - term deposits	12,230,958	10,940,275	835,091	50
Cash in hand and at bank	6,934,764	11,445,973	68,369	305,674
<b>Total cash and cash equivalents - continuing operations</b>	<b>19,165,722</b>	<b>22,386,248</b>	<b>903,460</b>	<b>305,724</b>
<b>Total cash and short-term deposits</b>				
- Continuing operations	19,165,722	22,386,248	903,460	305,724
- Discontinued operation	787,937	-	-	-
	<b>19,953,659</b>	<b>22,386,248</b>	<b>903,460</b>	<b>305,724</b>

#### (a) Cash and cash equivalents denominated in foreign currencies as at 31st March are as follows:

As at 31st March	Group	
	2021	2020
US Dollars (USD)	2,453,313	3,799,339
Indonesian Rupiah (IDR)	1,368,436	505,730
Malaysian Ringgit (MYR)	1,025,727	668,483
Indian Rupee (INR)	322,725	18,231
	<b>5,170,202</b>	<b>4,991,784</b>

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(Amounts expressed in Sri Lankan Rs. '000)

Certain bank accounts of the Group have been pledged as security for bank borrowings. As at 31st March 2021, these accounts have a total amount of Rs.559 Mn or equivalent to US\$ 2,800,000 (2020: Rs. 161 Mn or equivalent to US\$ 849,000). There are no legal and contractual restrictions on the use of the pledged bank accounts.

Short-term deposits earn interest at floating rates based on daily bank deposit rates and are made for varying periods from one day to a week, depending on the immediate cash requirements of the Group. For the financial year ended 31 March 2021, Re Purchase Agreements (REPO's) placed in Sri Lanka earned interest of 4.35% to 6.40% per annum (2020: 7.30% to 8.90% per annum). Fixed deposit placed in Sri Lanka earned interest of 4% for USD short-term deposits (2020: In Singapore 1.3% to 1.5% per annum), Call Deposit placed in Indonesia earned interest of 6% for IDR short-term deposits (2020: nil) and no interest was earned for Malaysian Ringgit ("MYR") and as no funds were placed in these short-term deposits.

Oils & fats sector kept certain deposits with banks which are used as lien against the bank guarantees. The maturity of these deposits ranged from a period of a week to three months. For MYR deposits, interest earned ranged from 1.5% to 2.1% per annum (2020: 3.15% to 3.53% per annum). Any excess cash is further utilised to reduce the overdraft interest incurred.

**(b) For the purpose of the consolidated cash flow statement, cash equivalent comprise the following:**

As at 31st March	Group		Company	
	2021	2020	2021	2020
Short - term deposits	12,230,958	10,940,275	835,091	50
Cash-in-hand and at bank	7,722,701	11,445,973	68,369	305,674
	19,953,659	22,386,248	903,460	305,724
Short - term borrowings	(18,933,879)	(28,306,713)	(2,303,336)	(2,259,392)
	1,019,780	(5,920,465)	(1,399,876)	(1,953,668)

### 32 ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

**i. Assets Held for Sale**

As at 31st March 2021, non current assets of Arani Agro Oil Industries (Pvt) Ltd (AAOIL) and current assets of Guardian Capital Partners PLC (GCP) are classified as held for sale as the management intends to recover the carrying amount principally through a sale transaction rather than through continuing use.

**(a) Movement of assets held for sale**

	2021	2020
Opening balance as at 1st April	690,532	702,927
Addition during the year	787,937	-
Effect of movements in exchange rates	32,629	(12,395)
Closing Balance as at 31st March	1,511,098	690,532

(Amounts expressed in Sri Lankan Rs. '000)

**(b) The information relating to assets that were classified as held for sale are stated below;**

As at 31st March	2021	2020
<b>Arani Agro Oil Industries (Pvt) Ltd</b>		
Assets		
Current Assets		
Property, plant & equipment	723,161	690,532
	723,161	690,532
<b>Guardian Capital Partners PLC</b>		
Assets		
Current Assets		
Cash and cash equivalents	787,937	-
	787,937	-
Total Assets Held for sale	1,511,098	690,532

**(c) Assets pledged**

Assets from discontinued operations that have been pledged as security for loans and borrowings include property plant and equipment amounting to Rs. 613 Mn or equivalent to US\$ 3,069,000 (2020 - Rs. 566 Mn or equivalent to US\$ 2,980,000).

**(d) Discontinued operations**

Following the classification of assets of Arani Agro Oil Industries (Pvt) Ltd (AAOIL) as held for sale and the disposal intention of Guardian Capital Partners PLC (GCP), the operational results of both companies have been classified and reported as Discontinued Operations.

**(e) Result for the year from discontinued operations**

	AAOIL	GCP	Total	AAOIL	PF Sdn. Bhd.	GCP	Total
For the year ended 31st March	2021	2021	2021	2020	2020	2020	2020
Revenue	-	88,577	88,577	-	105,212	58,259	150,647
Direct operating expenses	-	-	-	-	(79,831)	-	(79,831)
	-	88,577	88,577	-	25,381	58,259	70,816
<b>Change in fair value of fair value through profit or loss financial assets</b>	-	-	-	-	-	(44,318)	(44,318)
Other income	(3,246)	-	(3,246)	7,836	18,253	-	26,089
Distribution cost	-	-	-	-	(12,694)	-	(12,694)
Administrative expenses	(126,093)	(4,392)	(130,485)	(47,490)	(33,709)	(6,703)	(104,330)
Foreign exchange gain/(losses)	(2,491)	-	(2,491)	-	(1,632)	-	(138)
Profit/(loss) from operations	(131,830)	84,185	(47,645)	(39,654)	(4,401)	7,238	(64,575)
Net finance cost	(57,380)	-	(57,380)	(105,669)	(8,103)	(1)	(113,288)
Profit/(loss) before Income tax expenses	(189,210)	84,185	(105,025)	(145,323)	(12,504)	7,237	(177,863)
Income tax expenses							
Current taxation	-	(4,970)	(4,970)	-	(1,852)	(10,054)	(11,906)
Deferred taxation	-	-	-	-	-	-	-
	-	(4,970)	(4,970)	-	(1,852)	(10,054)	(11,906)
Profit/(loss) from discontinued operations, net of tax	(189,210)	79,215	(109,995)	(145,323)	(14,356)	(2,817)	(189,769)
<b>Net impact from discontinued operations, net of tax</b>	<b>(189,210)</b>	<b>79,215</b>	<b>(109,995)</b>	<b>(145,323)</b>	<b>(14,356)</b>	<b>(2,817)</b>	<b>(189,769)</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### (f) Net cash flows from discontinued operations

As at 31st March	Group	
	2021	2020
Net cash outflows from operating activities	216,327	(374,899)
Net cash outflows from investing activities	(377)	(4,841)
Net cash inflows from financing activities	602,830	312,505
Net cash (outflows)/inflows	818,779	(67,234)

### (ii) The information relating to the disposal assets and liabilities of subsidiaries

	The Sri Lanka Fund	PF Sdn. Bhd.
<b>Assets</b>		
Property, plant and equipment	-	288,100
Inventories	-	57,539
Trade and other receivables	-	28,411
Cash and cash equivalents	162,586	122,814
	162,586	496,864
<b>Liabilities</b>		
Deferred tax liability	-	69,871
Trade and other payables	-	37,511
	-	107,382
Net assets directly associated with disposal/deemed disposal	162,586	389,482
Investment in associate recognized at fair value/cash consideration receive	127,268	556,136
Net assets directly associated with disposal/deemed disposal	(162,586)	(389,482)
Carrying amount of the non-controlling interest as at disposal date	89,756	181,772
Realization of currency translation reserve with disposal/deemed disposal	(39,061)	33,786
Gain on disposal/deemed disposal of subsidiaries	15,377	382,212

### (a) Liquidation of Subsidiary Company- The Sri Lanka Fund

The Sri Lanka Fund (SLF) is an open-ended investment fund incorporated under the Companies Law (Revised) of Cayman Islands on 21st October 1993 and registered under the Mutual Funds Law on 26th July 1994. On 03rd June 2020, the Ceylon Guardian Investment trust PLC and its subsidiary, Ceylon Investment PLC redeemed the entire holding of 687,376 units held in SLF, and the Group recorded a profit from disposal of investment in subsidiary amounted to Rs. 15.3 Mn (2020-Rs Nil).

Cayman Islands Monetary Authority confirmed via termination letter dated 5th May 2021 that the Certificate of Registration of The Sri Lanka Fund has been cancelled.

### (b) Share Dilution of group Subsidiaries, Premium Fats Sdn Bhd (PFSB) and Premium Vegetables Premium Oils and Fats Sdn. Bhd (PVO SB) - 2019/20

Premium Nutrients Private Limited (PNPL), a fully owned subsidiary of Goodhope Asia Holdings Ltd has concluded a business tie-up with J-Oil Mills INC, a listed entity on the Tokyo Stock Exchange, Japan on 2nd December 2019 for equity dilution in two subsidiary Companies of PNPL given below.

PNPL held 100% ownership in PFSB and PVO SB. J-Oil Mills INC acquired 51% stake in PFSB and a 20% stake in PVO SB at a total consideration of US\$ 12 million.

J-Oil Mills, INC engages in the production, processing, and sale of fats and oil products. It operates in three Segments.

The oil and fats business segment offers fats and oil, soybean meals, and rapeseed meals. The oil and fats processing business segment offers margarine and powdered oil. The foodstuffs and fine material business includes the production, processing, and sale of starch, and chemical products.

PNPL continues to hold 49% stake in PFSB and 80% stake in PVO SB. PFSB will no longer be considered as a Subsidiary Company within the Group and now considered as an Investment in Associate.

(Amounts expressed in Sri Lankan Rs. '000)

### 33 STATED CAPITAL

As at 31st March	Group/Company			
	No of shares		Stated capital	
	2021	2020	2021	2020
At the beginning/end of the year	196,386,914	196,386,914	1,114,652	1,114,652
	196,386,914	196,386,914	1,114,652	1,114,652

- (a)** The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares rank equally with regard to the right to the Company's net assets at the point of distribution.

### 34 CAPITAL RESERVE

As at 31st March	Group		Company	
	2021	2020	2021	2020
<b>Represented by</b>				
Capital accretion reserve	287,552	287,552	287,552	287,552
Revaluation reserve (Note a)	1,377,206	988,164	-	-
Other capital reserves (Note b)	1,471,176	1,471,176	-	-
	3,135,934	2,746,892	287,552	287,552

**(a) Revaluation reserve**

This relates to the revaluation of property plant and equipment immediately before its reclassification as investment property.

**(b) Other capital reserves**

Represents the amounts set aside by the Directors for future expansion and to meet any contingencies.

### 35 REVENUE RESERVES

As at 31st March	Group		Company	
	2021	2020	2021	2020
<b>Represented by</b>				
Currency translation reserve (Note a)	(2,761,581)	(7,407,863)	-	-
Revenue reserve	327,131	327,131	-	-
FVOCI Reserve (Note b)	5,934,138	3,234,801	3,992,337	2,777,430
Cash flow hedging Reserve (Note c)	(166,523)	(104,949)	-	-
Retained earning	31,614,593	27,053,835	7,287,194	7,303,319
	34,947,758	23,102,955	11,279,531	10,080,749

**(a) Currency translation reserve**

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**(b) FVOCI Reserve**

This consists of net unrealised gain/(loss) arising from change in the fair value of available for sale financial assets and excluding cumulative impairments losses incurred as at the reporting date.

**(c) Cash flow hedging Reserve**

This represent the cumulative fair value changes, net of the derivative contracts designated as cash flow hedges

**(d) Revenue reserve**

This represents the amounts set aside to meet any contingencies.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

<b>36 DERIVATIVE FINANCIAL INSTRUMENT</b>						
<b>Movement of Investment in Equity Securities - 2020 - Company</b>						
	Contract/ Notional amount	Asset	Liability	Contract/ Notional amount	Asset	Liability
As at 31st March	2021	2021	2021	2020	2020	2020
<b>Non-current</b>						
Embedded derivatives						
RCPS derivative	-	-	1,104,061	-	-	1,227,608
	-	-	1,104,061	-	-	1,227,608
<b>Current</b>						
Derivatives not designated as hedging instruments						
Foreign exchange forward contracts	8,443,617	-	7,793	8,253,679	14,446	-
Commodity swap contracts	141,280	-	4,996	314,681	-	3,418
<b>Derivatives designated as hedging instruments</b>						
Commodity swap contracts	2,338,810	-	302,543	1,101,668	-	45,970
Put Option Contracts	5,394,011	190,638	-	-	-	-
Energy swap contracts	-	-	-	557,766	-	72,166
	16,317,718	190,638	315,332	10,227,794	14,446	121,554

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are commodity price risk and foreign exchange risk. The Group's risk management strategy and how it is applied to manage risks is explained in Note 43.

### Derivatives not designated as hedging instruments

#### Foreign currency risk

The Group entered into foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchase. These contracts are not designated in hedge relationships and are measured at fair value through profit and loss. No unrealised fair value changes (2020: US\$nil) in respect of these contracts were recognised in the statement of other comprehensive income since the Group has not adopted hedge accounting as of 31st March 2021.

#### Commodity price risk

The Group's enters into certain commodity derivative contracts, including futures, swaps, option to hedge the commodity price risk relating to sale or purchase of palm, palm based products and diesel.

There are economic relationships between the hedged items and the hedging instruments as the terms of the commodity swap contracts as well as energy swap contracts match the terms of the expected highly probable forecast transactions and forecasted consumption of diesel respectively. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity swap contracts and energy swap contracts are identical to the hedged risk components.

#### Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

(Amounts expressed in Sri Lankan Rs. '000)

### 36 DERIVATIVE FINANCIAL INSTRUMENT

The impact of the hedging instruments on the Group's balance sheet is as follows:

	Notional amount	Carrying amount	Line item in balance sheet	Changes in fair value used for measuring ineffectiveness for the period
<b>As at 31 March 2021</b>				
Commodity swap contracts	2,338,810	2,338,810	Derivative financial instruments	-
Put Option Contracts	5,394,011	5,394,011		
Energy swap contracts	-	-	Derivative financial instruments	-
<b>As at 31 March 2020</b>				
Commodity swap contracts	1,101,668	(45,958)	Derivative financial instruments	28,866
Energy swap contracts	557,766	(72,166)	Derivative financial instruments	-

The impact of hedged items on the Group's balance sheet is as follows:

	Changes in fair value used for measuring ineffectiveness	Cash flow hedge reserve
<b>As at 31 March 2021</b>		
Highly probable forecast sales of CPO	-	364,090
Forecasted diesel consumption	-	-
<b>As at 31 March 2020</b>		
Highly probable forecast sales of CPO	28,866	132,937
Forecasted diesel consumption	-	72,166

The impact of the hedging instruments on the Group's balance sheet is as follows:

	Total hedging gain recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss
<b>As at 31 March 2021</b>			
Commodity swap contracts	(188,596)	-	Other operating expenses
Put Option Contracts	(2,798)		
Energy swap contracts	75,935		Other operating expenses
	(115,458)		
<b>As at 31 March 2020</b>			
Commodity swap contracts	(124,626)		
Energy swap contracts	(72,166)	28,866	Other operating expenses
	(196,792)		

#### Embedded derivative

Along with the Senior Secured Non-Amortizing Term Loan Facility disclosed in Note 37 the GAHL also issued Redeemable Convertible Preference Shares (RCPS) to the Lender under this facility. The RCPS holder has the option to convert to the preference shares to ordinary shares of the GAHL at any time during the term i.e. 6-years from issuance date of 3rd October 2019. The RCPS holder is entitled to dividends paid to ordinary shareholders of the GAHL from time to time. The RCPS also is redeemable at the end of the term for a pre-determined amount of cash if not converted to ordinary shares of the GAHL. The GAHL has accounted for the equity conversion option of the RCPS as a derivative liability.

The RCPS derivative has been separated and carried at fair value through profit or loss. The carrying value as at 31 March 2021 amounted to Rs.1,104,061 ( US\$ 5,525,000) .2020: Rs 1,227,608 (US\$ 6,464,000).During the year a fair value gain of Rs. 178,554 (US\$ 939,000 ) has been recognised in profit and loss.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

37 INTEREST BEARING BORROWINGS	Note	Maturity	Group		Company	
As at 31st March			2021	2020	2021	2020
<b>Current Liabilities</b>						
<b>Secured</b>						
Long term borrowings - amount due within one year	A	2022	5,624,514	4,553,246	-	-
Revolving/short - term loan facilities	B	2022	5,850,056	8,545,950	-	-
Working capital facilities	B	2022	8,612,673	4,934,541	-	-
			20,087,243	18,033,737	-	-
<b>Unsecured</b>						
Long term borrowings - amount due within one year		2022	1,996,818	1,217,748	125,000	-
Working capital facilities		2022	5,337,336	16,070,258	2,308,178	2,267,786
			7,334,154	17,288,006	2,433,178	2,267,786
<b>Total loan payable within the year</b>			<b>27,421,397</b>	<b>35,321,743</b>	<b>2,433,178</b>	<b>2,267,786</b>
<b>Non - Current Liabilities</b>						
<b>Secured</b>						
Long term borrowings	A	2025 - 2026	48,534,486	48,831,855	-	-
Redeemable Convertible Preference Shares (RCPS)	A	2025 - 2026	2,450,866	2,044,539	-	-
			50,985,352	50,876,394	-	-
<b>Unsecured</b>						
Long term borrowings			3,333,666	2,190,557	343,750	-
			3,333,666	2,190,557	343,750	-
<b>Total Long term bank borrowings - amount due after one year</b>			<b>54,319,018</b>	<b>53,066,951</b>	<b>343,750</b>	<b>-</b>
<b>Total loans and Borrowings</b>			<b>81,740,415</b>	<b>88,388,694</b>	<b>2,776,928</b>	<b>2,267,786</b>
As at 31st March					Group 2021	Group 2020
<b>(iii) Long term Bank Borrowings</b>						
<b>Movement in Long - Term Borrowings</b>						
Balance as at the beginning of the year				56,793,406		53,491,799
<b>Cash Movement</b>						
Obtained during the year				1,484,241		46,280,793
Re - payments during the year				(3,102,646)		(45,977,536)
Reclassification of short term loan				500,000		
<b>Non cash Movement</b>						
Interest accrued during the year				-		245,089
Impact on exchange rate changes on conversion				4,553,308		3,632,857
Unamortized transaction cost				(738,825)		(879,596)
				59,489,484		56,793,406
Amounts falling due within one year				(7,621,332)		(5,770,994)
Amounts falling due after one year				51,868,152		51,022,412

(Amounts expressed in Sri Lankan Rs. '000)

### 37 INTEREST BEARING BORROWINGS (Contd.)

Loan (including Lease liability) denominated in foreign currencies as at 31st March are as follows:

As at 31st March	Group	
	2021	2020
Malaysian Ringgit (MYR)	5,773,488	4,430,220
US Dollar (USD)	63,182,050	62,371,951
Indian Rupee (INR)	2,146,374	1,988,927
Indonesian Rupiah (IDR)	681,220	527,190
	71,783,132	69,318,289

#### A LONG-TERM LOANS (GOODHOPE ASIA HOLDINGS LTD (GAHL) AND ITS SUBSIDIARIES)

Group's long-term loans are secured by pledge over GAHL certain properties, plant and equipment and certain bank accounts together with the Corporate Guarantee from the GAHL and certain subsidiaries.

##### (a) Senior Secured Amortizing Term Loan Facility

In September 2019, GAHL secured a USD 170 million, 5-year Senior Secured Amortizing Term Loan Facility from a consortium of banks to partly refinance the then existing senior long-term loan at the Group's Oil Palm Plantations segment. This facility is fully drawn as at 31st March 2020. Repayments commence from March 2020 on a bi-annual basis over the term.

##### (b) Senior Secured Non-Amortizing Term Loan Facility

GAHL together with its subsidiary plantation companies secured a USD 105 million, 6-year Senior Secured Non-Amortizing Term Loan Facility, from a private credit arm of a global investment and private equity firm. The facility was to refinance part of the existing senior long-term loan at the Group's Oil Palm Plantations segment, to support the development plans of the Group's Oil Palm Plantation segment and for other general corporate purpose. This facility was fully drawn as at 31st March 2020.

GAHL issued Redeemable Convertible Preference Shares (RCPS) to the Lender as part of this loan facility representing 6.30% of the enlarged post-conversion share capital of GAHL. RCPS holder has the option to convert to ordinary shares of GAHL at any time during the term (i.e. 6-years from issuance date of 3rd October 2019) and/or at the time of an IPO. RCPS has to be redeemed at the end of the term by the issuer, at a pre-determined amount, if not converted to ordinary shares of the GAHL already. It is a zero-coupon instrument however RCPS holder is entitled to dividends paid to ordinary shareholders of GAHL from time to time. Details on derivative instrument of RCPS is disclosed under Note 36.

#### B SHORT TERM LOAN FACILITIES (GOODHOPE ASIA HOLDINGS LTD (GAHL) AND ITS SUBSIDIARIES)

##### (a) Working Capital Facilities

These facilities are secured by certain stocks and trade receivables of certain GAHL subsidiaries together with Corporate Guarantee from GAHL.

##### (b) Revolving/Short-term Loan Facilities

Some of these facilities are secured by a Corporate Guarantee from the GAHL.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 37 INTEREST BEARING BORROWINGS (Contd.)

#### C Effective interest rates

The effective interest rates per annum of the GAHL Group's US Dollar loans and borrowings as at the balance sheet date are as follows:

As at 31st March	2021	2020
Lease liabilities	4.5% - 11.8%	4.5% - 11.8%
Short-term loans	4.70%	6.25%
Long-term bank loans	7.60%	7.50%

### 38 RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for various items of Land & buildings, warehouse, equipment, machinery and vehicles used in its operations. Leases of buildings generally have lease terms between 1 and 6 years, while equipment, machinery and vehicles generally have lease terms between 1 and 5 years. The land where the Equity Hotels Limited is located, in Polonnaruwa, is on a 30 year lease from 01st January 2020 to 31st December 2049 with the option for renewal. During the lease period, the Equity Hotel has the right to use the land to construct and operate a tourist hotel, approved and categorised by the Sri Lanka Tourist Board.

The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

#### a) Right of use assets

Set out below, are the carrying amounts of the Group's right of use assets and the movements for the period ended 31st March 2021.

	Land/Building/ Warehouse	Motor vehicles	Heavy equipment	Total 2021	Total 2020
As at 1 April 2020	396,020	374,313	401,280	1,171,613	868,180
Additions	102,789	229,739	188,620	521,148	554,174
Depreciation expense	(139,324)	(139,013)	(73,939)	(352,276)	(256,219)
Disposal	(40,001)	-	-	(40,001)	(13,985)
Reclassified as operating assets	-	-	-	-	47,691
Transfer	5,329	(9,620)	-	(4,291)	7,530
Effect of movements in exchange rates	5,689	76,129	82,530	164,348	(35,758)
As at 31 March 2021	330,502	531,548	598,491	1,460,541	1,171,613

(Amounts expressed in Sri Lankan Rs. '000)

<b>b) Set out below are the carrying amounts of lease liabilities movements</b>		
	2021	2020
As at 1 April 2020	872,042	755,706
Additions	512,849	479,948
Accretion of interest	125,006	100,232
Payments	(605,867)	(465,357)
Reclassified as operating liabilities	(36,064)	17,033
Effect of movements in exchange rates	98,370	(15,520)
As at 31st March 2021	966,336	872,042
Current	463,243	355,816
Non-current	503,093	516,226
	966,336	872,042

<b>c) Following are the amounts recognised in profit or loss for the year ended 31st March 2021</b>		
	2021	2020
As at 31st March		
Depreciation expense of right-of-use assets	352,276	256,219
Interest expense on leases liabilities	125,006	100,232
Total amount recognised in profit or loss	477,282	356,451

**d)** The Group had total cash outflows for leases of Rs. 605 Mn during the year. The Group also had non-cash additions to right-of-use assets and lease liabilities of Rs. 41.6 Mn during the year.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

39 TRADE AND OTHER FINANCIAL PAYABLES AND OTHER NON-FINANCIAL LIABILITIES	Group		Company	
	2021	2020	2021	2020
As at 31st March				
<b>Non Current</b>				
<b>Other financial payables</b>				
Rental and telephone deposits [Note 39 a]	88,862	73,163	-	-
Other payables	820,474	-	-	-
	<b>909,336</b>	<b>73,163</b>	<b>-</b>	<b>-</b>
<b>Other non financial liabilities</b>				
Employee benefits (Note 40)	1,566,372	1,165,496	-	-
Plasma payable	83,055	-	-	-
<b>Total other non financial liabilities</b>	<b>1,649,427</b>	<b>1,165,496</b>	<b>-</b>	<b>-</b>
<b>Current</b>				
<b>Trade payables</b>				
Trade payables	3,718,062	5,761,875	-	-
	<b>3,718,062</b>	<b>5,761,875</b>	<b>-</b>	<b>-</b>
<b>Other financial payables</b>				
Customer deposits (Note 39 b)	1,900,393	1,715,620	-	-
Taxes payable	2,267,344	370,337	-	-
Accrued expenses	5,831,480	4,005,149	186,455	152,430
Other creditors	4,774,109	4,360,341	24,794	27,290
<b>Total other financial payables</b>	<b>14,773,326</b>	<b>10,451,447</b>	<b>211,249</b>	<b>179,720</b>
<b>Total trade and other financial payables</b>	<b>19,400,724</b>	<b>16,286,485</b>	<b>211,249</b>	<b>179,720</b>
<b>Total trade and other payable - Non Current</b>	<b>2,558,763</b>	<b>1,238,659</b>	<b>-</b>	<b>-</b>
<b>Total trade and other payable - Current</b>	<b>18,491,388</b>	<b>16,213,322</b>	<b>211,249</b>	<b>179,720</b>
<b>Financial liabilities carried at amortised cost</b>				
Trade and other financial - current payables	18,491,388	16,213,322	211,249	179,720
Other financial payables - non-current	909,336	73,163	-	-
Loans and borrowings	81,740,415	88,388,694	2,776,928	2,267,786
<b>Total financial liabilities carried at amortised cost</b>	<b>101,141,139</b>	<b>104,675,179</b>	<b>2,988,177</b>	<b>2,447,506</b>

Term and condition of the above current Financial liabilities:

- Trade payables are non - interest bearing and are normally settled in 60 to 90 day terms.
- Other payables are non - interest bearing and have an average term of six months.

### (a) Rental Deposits

As at 31st March	Group	
	2021	2020
Balance as at the beginning of the year	73,163	87,368
Receipts during the year	17,903	4,019
Transferred to deferred revenue	(10,424)	(4,826)
Refunds during the year	-	(21,463)
Unwinding of interest on refundable deposits	8,220	8,065
<b>Balance as at the end of the year</b>	<b>88,862</b>	<b>73,163</b>
<b>Face value</b>	<b>107,769</b>	<b>89,866</b>

The Group has obtained refundable rental deposits from non-related party tenants, covering the rental income for a period of 3-6 months, which provides cover to the Group in the event of a default. The rental and telephone deposits are re-payable on termination of the tenancy agreements in the real estate sector.

(Amounts expressed in Sri Lankan Rs. '000)

### 39 TRADE AND OTHER FINANCIAL PAYABLES AND OTHER NON-FINANCIAL LIABILITIES (Contd.)

#### (b) Customer Deposits

As at 31st March	Group	
	2021	2020
Balance as at the beginning of the year	1,715,620	1,456,224
Receipts during the year	366,291	259,396
Empty deposit write back during the year	(181,518)	-
<b>Balance as at the end of the year</b>	<b>1,900,393</b>	<b>1,715,620</b>

Customer deposits are taken as security against the containers with the agents in the beverage sector.

#### (c) Trade payable denominated in foreign currencies are as follows

As at 31st March	Group	
	2021	2020
<b>Currency</b>		
US Dollar (USD)	81,730	250,871
Malaysian Ringgit (MYR)	525,153	552,828
Indonesian Rupiah (IDR)	1,881,599	3,960,383
	<b>2,488,483</b>	<b>4,764,082</b>

- (d) An order has been made for the enforcement of an ex-parte judgment (in default of appearance) issued against the Company by an overseas Court for a sum of Sterling Pounds 271,323.38 plus costs, in an action filed by a former consultant of the Company. The Company appealed against the said enforcement order in the High Court of Civil Appeals and the said court delivered judgment against the Company. The Company filed a leave to appeal application in the Supreme Court and the case is still pending in the Supreme Court. The potential liability is fully provided for under accrued expenses.

### 40 EMPLOYEE BENEFITS

As at 31st March	Group	
	2021	2020
<b>The amounts recognized in the profit or loss are as follows:</b>		
Current service cost	160,888	170,786
Interest cost	108,265	111,451
Past service costs	(12,860)	7,026
Immediate recognition on new entrants	37,447	9,574
Curtailment gain	(36,215)	(21,255)
Adjustment on the previous year	10,839	2,427
<b>Total employee benefit expense</b>	<b>268,364</b>	<b>280,009</b>
<b>The details of employee benefit liability as at 31st March 2021 and 2020 are as follows:</b>		
Present value of unfunded obligations	1,566,372	1,165,496
	<b>1,566,372</b>	<b>1,165,496</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

40 EMPLOYEE BENEFITS (Contd.)	Group			
	2021	2020		
As at 31st March				
The movement in the liabilities recognized in the Statement of Financial Position is as follows:				
Balance as at the beginning of the year	1,165,496	1,310,188		
Provision for the year	268,364	280,009		
Payments made during the year	(117,873)	(140,417)		
Gain/(loss) on employee benefits recognized in other comprehensive income	93,387	(223,135)		
Effect of movements in exchange rates	156,998	(61,149)		
Balance as at the end of the year	1,566,372	1,165,496		
<b>(a) Accounting judgements, estimates and assumptions</b>				
<b>Employee benefit liability</b>				
The employee benefit liability of the Group is based on the actuarial valuations carried out by Independent actuarial specialists. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.				
The actuarial valuation was made using the following assumption:				
	Sri Lanka	Indonesia		
Discount rate	7.5% - 8.0% per annum	7.55% per annum		
Future salary increment rate	6% - 10% per annum	4% per annum		
Mortality rate	A 1967/70 Mortality Table, issued by the Institute of Actuaries, London was used.	Indonesian Table of Mortality year 2020		
Disability rate		10% of mortality rate		
Retirement age	55 years	55 years		
<b>(b) Sensitivity analysis on the key assumptions used in actuarial valuation is as follows:</b>				
	Discount Rate		Future Salary Increments	
2021	1% Increase	1% Decrease	1% Increase	1% Decrease
<b>Consolidated balance sheet</b>				
<b>Employee benefit liability</b>				
Sri Lankan Subsidiaries	(12,454)	13,784	14,767	(13,547)
Overseas Subsidiaries	(88,725)	102,113	110,906	(97,317)
<b>Consolidated statement of comprehensive income</b>				
Sri Lankan Subsidiaries	12,454	(13,784)	(14,767)	13,547
Overseas Subsidiaries	88,725	(102,113)	(110,906)	97,317
	Discount Rate		Future Salary Increments	
2020	1% Increase	1% Decrease	1% Increase	1% Decrease
<b>Consolidated balance sheet</b>				
<b>Employee benefit liability</b>				
Sri Lankan Subsidiaries	(32,616)	137	1,411	(34,019)
Overseas Subsidiaries	(63,810)	73,305	(82,041)	70,647
<b>Consolidated statement of comprehensive income</b>				
Sri Lankan Subsidiaries	32,616	(137)	(1,411)	34,019
Overseas Subsidiaries	63,810	(73,305)	82,041	(70,647)

(Amounts expressed in Sri Lankan Rs. '000)

41 NET ASSETS PER SHARE	Group		Company	
	2021	2020	2021	2020
As at 31st March				
Total Equity	79,080,525	55,185,964	12,681,735	11,482,953
<b>Less</b>				
Non -controlling interest	(39,882,181)	(28,221,465)	-	-
Total equity attributable to owners of the Company	39,198,344	26,964,499	12,681,735	11,482,953
<b>Number of ordinary shares used as the denominator</b>				
Ordinary shares in issue [Nos.]	196,386,914	196,386,914	196,386,914	196,386,914
Net Assets per Share (Rs.)	199.60	137.30	64.58	58.47
<b>42 FAIR VALUE OF FINANCIAL INSTRUMENTS</b>				
<b>(a)</b>	According to accounting classification and fair value, classes of financial instruments that are not carried at fair value and of which carrying amounts are a reasonable approximation of fair value are current portion of trade and other receivables (Note 30), cash and cash equivalents (Note 31), trade and other payables (Note 39) and loans and borrowings (Note 37). The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.			
<b>(b) Fair value of assets and liabilities that are carried at fair value - Group</b>	The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:			
As at 31st March	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>2021</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
Investment in equity and debt securities - Non current	8,807,681	-	-	8,807,681
Investment in equity and debt securities - Current	9,291,354	-	485,569	9,776,923
Investment in Unit trust	-	-	198,153	198,153
Derivative financial instrument	-	190,638	-	190,638
As at 31st March 2021	18,099,035	190,638	683,722	18,973,394
<b>Non-financial assets:</b>				
Biological assets	-	-	2,372,008	2,372,008
Assets held for sale	-	-	723,161	723,161
Investment properties	-	-	4,479,466	4,479,466
Freehold Land & Buildings	-	-	9,852,721	9,852,721
As at 31st March 2021	-	-	17,427,356	17,427,356
<b>Liabilities measured at fair value</b>				
Financial liabilities	-	-	-	-
Derivative financial instrument	-	315,332	1,104,061	1,419,392
As at 31st March 2021	-	315,332	1,104,061	1,419,392

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

42 FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd.)				
As at 31st March	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>2020</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
Investment in equity and debt securities - Non current	4,807,828	-	-	4,807,828
Investment in equity and debt securities - Current	7,496,826	-	344,062	7,840,888
Investment in Unit trust	-	-	602,690	602,690
Derivative financial instrument	-	14,446	-	14,446
As at 31st March 2020	12,304,654	14,446	946,752	13,265,852
<b>Non-financial assets:</b>				
Biological assets			1,557,026	1,557,026
Assets held for sale	-	-	690,532	690,532
Investment properties	-	-	4,396,967	4,396,967
Freehold Land & Buildings	-	-	8,614,657	8,614,657
As at 31st March 2020	-	-	15,259,182	15,259,182
<b>Liabilities measured at fair value</b>				
Financial liabilities	-	-	-	-
Derivative financial instrument	-	121,554	1,227,608	1,349,162
As at 31st March 2020	-	121,554	1,227,608	1,349,162

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### (c) Fair value of financial and non financial assets and liabilities

#### Fair value hierarchy

The table below analyses financial and non financial assets and liabilities carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows.

Level 1 : Availability of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Use of inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Use of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Amounts expressed in Sri Lankan Rs. '000)

#### Methods and assumptions used to determine fair values

The methods and assumptions used by the management to determine the fair values of financial and non financial assets and liabilities other than those carrying amounts reasonably approximate to their fair values as mentioned in Note 42(b), are as follows:

Financial & non financial assets/Liability category	Fair Value Basis, Valuation techniques	Fair Value Hierarchy
Quoted equity instruments	fair value is determined directly by reference to last market price as at the balance sheet date	Level 1
Investment in Unit Trusts	Use of inputs for the assets or liability that are not based on observable market data.	Level 3
Biological Assets	Fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of maintenance and harvesting costs, overhead costs and estimated cost to sell. Please refer to Note 21 for more details	Level 3
RCPS derivative	Fair value of RCPS derivative has been determined by using the valuation technique of binominal lattice model. Unobservable inputs are Equity value range of 2,662 IDR and Annual Volatility of stock returns range 27.22%	Level 3
Investment properties	The fair value of investment property is based on current and estimated future rental income generated from comparable properties	Level 3
Freehold Land & Buildings	Market approach/Existing use	Level 3

#### Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

Company	Valuation Technique	Assumptions/ Unobservable inputs	Values/Percentages	Inter-relationship between significant Unobservable inputs and fair value measurement
Findmyfare (Pvt) Ltd	Based on the recently announced right issue price Rs. 1/-	n/a	n/a	n/a
hSenid Business Solutions (Pvt) Ltd	Discounted cash flow method using Free cash flow to firm	Discount Rate	18%	- the discount rate was lower/ (higher)
		Revenue growth	CAGR 5-11%	- the growth rates were higher/ (lower)
		EBITDA margin	Range - 28%-31%, average - 30%	- the operating margin was higher/ (lower)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 42 FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd.)

#### (d) Movements in Level 3 assets and liabilities measured at fair value:

Fair value of financial instruments by classes that are not carried at fair value and of which carrying amounts are reasonable approximation of fair value are, Current trade and other financial receivables and payables, current and noncurrent loans and borrowings at floating rate, other bank deposits and cash and bank balances. The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

#### Movements in Level 3 assets

As at 31st March	Investment in equity securities unquoted	Investment in treasury bonds	Private Equity
As at 1st April 2019	98,881	-	149,761
Net gain arising from changes in fair value of assets			
Foreign currency translation	-	-	-
Change in fair value	2,568	-	-
Written off	-	-	-
Movements in assets	102,963	-	(10,111)
As at 31st March 2020	204,412	-	139,650
Net gain arising from changes in fair value of assets			
Foreign currency translation	-	-	-
Change in fair value	10,624	-	(12,987)
Written off	-	-	-
Movements in assets	(102,963)	246,833	-
As at 31st March 2021	112,073	246,833	126,663

There have been no transfers from level 1, level 2 or level 3 for the financial years ended 31st March 2021 and 31st March 2020.

#### Movements in Level 3 liabilities

As at 31st March	Redeemable Convertible Preference Shares (RCPS)
As at 1st April 2019	-
Net (gain)/loss arising from changes in fair value of liabilities	
Foreign currency translation	-
Change in fair value	-
Movements in liabilities	1,227,608
As at 31st March 2020	1,227,608
Net (gain)/loss arising from changes in fair value of liabilities	
Foreign currency translation	55,007
Change in fair value	(178,554)
Movements in liabilities	-
As at 31st March 2021	1,104,061

There have been no transfers from level 1, level 2 or level 3 for the financial years ended 31st March 2021 and 31st March 2020.

(Amounts expressed in Sri Lankan Rs. '000)

Unit trust	Assets held for sale	Total Financial assets	Investment properties	Freehold Land & Buildings	Biological assets	Total Non Financial assets	Total
270,091	702,927	1,221,660	3,878,996	8,199,880	1,497,067	13,575,943	14,797,603
-	(12,395)	(12,395)			(98,687)	(98,687)	(111,082)
37,074	-	39,642	151,434	560,473	158,646	870,553	910,195
	-	-			-	-	-
295,525	-	388,377	366,537	(145,696)	-	220,841	609,218
602,690	690,532	1,637,284	4,396,967	8,614,657	1,557,026	14,568,650	16,205,934
-	32,629	32,629			283,625	283,625	316,254
1,710	-	(653)	61,318	442,808	531,357	1,035,483	1,034,830
	-	-			-	-	-
(406,247)	787,937	525,560	21,181	795,256	-	816,437	1,341,997
198,153	1,511,098	2,194,820	4,479,466	9,852,721	2,372,008	16,704,195	18,899,015

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 43 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

#### Financial assets and liabilities by categories in accordance with SLFRS 9 - Group

As at 31st March 2021	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount
<b>Financial assets</b>					
Investment in equity securities	8,807,681	9,776,923	-	-	18,584,604
Investment in unit trust	-	198,153	-	-	198,153
Trade and other financial receivables	-	-	6,992,249	-	6,992,249
Derivative financial instruments	-	190,638	-	-	190,638
Cash and cash equivalents	-	-	19,953,659	-	19,953,659
	8,807,681	10,165,714	26,945,908	-	45,919,302
<b>Financial liabilities</b>					
Long term borrowings	-	-	-	59,489,484	59,489,484
Redeemable Convertible Preference Shares (RCPS)	-	-	-	2,450,866	2,450,866
Lease liabilities	-	-	-	966,336	966,336
Trade and other financial payables	-	-	-	19,400,724	19,400,724
Derivative financial instrument	-	1,419,392	-	-	1,419,392
Short term borrowings	-	-	-	19,800,065	19,800,065
	-	1,419,392	-	102,107,475	103,526,867
<b>As at 31st March 2020</b>					
<b>Financial assets</b>					
Investment in equity securities	4,807,828	7,840,888	-	-	12,648,716
Investment in unit trust	-	602,690	-	-	602,690
Trade and other financial receivables	-	-	5,604,188	-	5,604,188
Derivative financial instruments	-	14,446	-	-	14,446
Cash and cash equivalents	-	-	22,386,248	-	22,386,248
	4,807,828	8,458,024	27,990,436	-	41,256,288
<b>Financial liabilities</b>					
Long term borrowings	-	-	-	56,793,406	56,793,406
Redeemable Convertible Preference Shares (RCPS)	-	-	-	2,044,539	2,044,539
Lease liabilities	-	-	-	872,042	872,042
Trade and other financial payables	-	-	-	16,286,485	16,286,485
Derivative financial instrument	-	1,349,162	-	-	1,349,162
Short term borrowings	-	-	-	29,550,749	29,550,749
	-	1,349,162	-	105,547,221	106,896,383

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency, commodity price and market price risk. The Group's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant financial instruments to hedge the risks of commercial exposure. Such financial instruments are not held for trade or speculative purposes. These market risk management activities are governed by the risk management framework and systems. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31st March 2021 and 31st March 2020. Mechanisms adopted by the Group in managing eventual impact of such risks are given overleaf.

(Amounts expressed in Sri Lankan Rs. '000)

## 1 Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should an external default occur on its obligations. The carrying amount of trade and other receivables, amounts due from related companies and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Credit risk with respect to accounts receivable is limited due to the creditworthiness of the Group's customer base. Management regularly monitors the creditworthiness of its customers and believes that it has adequately provided for any exposure to potential credit losses.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all third-party customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, when they fall due, which are derived based on the Group's historical information and forward-looking factors.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the counterparty
- Significant changes in the expected performance and behaviour of the counterparty including changes in the payment status of the borrowers in the Group and changes in the operating results of the counterparty

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the counterparty
- A breach of contract, such as default or past due event
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

The Group computes expected credit loss for the Group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking factors.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 43 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the debt instruments and loans is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision (ECL)
Grade I	Customers have a low risk of default and have a strong capacity to meet contractual cashflows.	12-month ECL
Grade II	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written-off

#### Trade receivables

The Group provides for lifetime expected credit losses for trade receivables using a provision matrix. The provision rates are determined based on Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 March 2021 and 2020 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions of the industries.

#### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular region.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

#### Exposure to credit risk

As the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and other financial receivable at the end of the reporting period is as follows:

As at 31st March	2021	2021	2020	2020
		% of total		% of total
Investment Holding/Portfolio and Asset Management	218,546	3%	14,470	0%
Oil Palm Plantations	2,559,377	37%	1,974,353	35%
Oils & Fats	3,259,162	47%	2,681,874	48%
Beverage	837,426	12%	828,789	15%
Real Estate	64,238	1%	35,762	1%
Leisure	28,549	0%	43,680	1%
Management Services	192	0%	501	0%
	6,967,490	100%	5,579,429	100%

(Amounts expressed in Sri Lankan Rs. '000)

The credit risk for the trade and other receivable at the end of the reporting period by geographical segment is as follows:

As at 31st March	2021	2021 % of total	2020	2020 % of total
Sri Lanka	1,151,832	17%	935,711	17%
Malaysia	3,175,104	46%	2,546,541	46%
Indonesia	2,551,433	37%	1,556,568	28%
India	84,058	1%	140,167	3%
Singapore	5,063	0%	400,442	7%
	6,967,490	100%	5,579,429	100%

### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with credit worthy debtors with good payment record with the Group. Cash at bank and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings with no history of default.

## 2 Liquidity Risk

Both at Company and Group level short term liquidity constraints are indicated by the current ratio etc. However, such indications have not affected the day to day activities of the Company or the Group due to prudent operational discipline and mitigating circumstances that are expected to manifest with the economic and operational recovery. The Group actively manage its operating and financing cash flows to ensure all refinancing, repayment and investment needs are satisfied. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain unutilised banking facilities of a reasonable level compared to its overall debt. The Group raises committed funding from both capital markets and financial institutions and prudently balance its debt maturity profile with a mix of short and longer term funding to achieve overall cost effectiveness. In the event of acute liability restrictions Group has resorted to liquidating non-strategic, least yielding investments and fixed assets in the past to meet urgent current liabilities which cannot be re-scheduled. Liquidity restrictions of subsidiary levels will and can affect their dividend payment policies which in turn will affect the cashflows of the parent entity.

At Company level, such cascading events and possible need for equity capital infusions will impact the liquidity of the parent Company. Restricted capital expenditure, internalized cost management, disposal of non-strategic investments and revising own dividend payment policies would be the mitigating steps taken at the parent company level.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the segment treasury. The Treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

As at 31st March	Group		Company	
	2021	2020	2021	2020
Total cash and bank balances	19,953,659	22,386,248	903,460	305,724
Less: Fixed deposits pledged for bank facilities	(559,524)	(161,234)	-	-
Less: Other deposits with more than 3 months maturity	(11,671,434)	(10,779,041)	-	-
Less: Bank overdrafts and short term loans	(19,800,065)	(29,550,749)	(2,433,178)	(2,267,786)
Cash and cash equivalents	(12,077,364)	(18,104,776)	(1,529,718)	(1,962,062)
Net cash flows generated from operating activities	16,105,913	5,315,946	730,294	(211,180)
Net cash flows used in investing activities	(6,831,015)	(7,959,375)	-	-
Net cash flows generated from financing activities	(2,334,653)	375,453	(176,502)	(204,783)
Net cash movement	6,940,245	(2,267,976)	553,792	(415,963)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 43 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

Major application of funds in FY2021 was as follows

Rs. 9.2 Bn was used to fund capital expenditure for plantations development, property, plant and equipment (2020: Rs. 7.6 Bn). Major additions of property, plant and equipment during the year included Oil Mill, Indonesia.

Group	One year or less	One to five years	Total
<b>2021</b>			
<b>Financial assets</b>			
Investment in equity securities - Non current	-	8,807,681	8,807,681
Investment in equity securities - current	9,291,354	-	9,291,354
Trade and other financial receivables	6,967,490	24,759	6,992,249
Derivative financial instruments	190,638	-	190,638
Cash and cash equivalents	19,953,659	-	19,953,659
<b>Total undiscounted financial assets</b>	<b>36,403,141</b>	<b>8,832,440</b>	<b>45,235,580</b>
<b>Financial liabilities</b>			
Trade and other financial payables	18,491,388	909,336	19,400,724
Loans and borrowings	27,421,397	54,319,018	81,740,415
Lease liabilities	463,243	503,093	966,336
Derivative financial instruments	315,332	1,104,061	1,419,392
<b>Total undiscounted financial liabilities</b>	<b>46,691,360</b>	<b>56,835,508</b>	<b>103,526,867</b>
<b>Total net undiscounted financial liabilities</b>	<b>(10,288,219)</b>	<b>(48,003,068)</b>	<b>(58,291,287)</b>
<b>2020</b>			
<b>Financial assets</b>			
Investment in equity securities - Non current	-	4,807,828	4,807,828
Investment in equity securities - current	7,496,826	-	7,496,826
Trade and other financial receivables	5,579,429	24,759	5,604,188
Derivative financial instruments	14,446	-	14,446
Cash and cash equivalents	22,386,248	-	22,386,248
<b>Total undiscounted financial assets</b>	<b>35,476,949</b>	<b>4,832,587</b>	<b>40,309,536</b>
<b>Financial liabilities</b>			
Trade and other financial payables	16,213,322	73,163	16,286,485
Loans and borrowings	35,321,743	53,066,951	88,388,694
Lease liabilities	355,816	516,226	872,042
Derivative financial instruments	2,078,285	-	2,078,285
<b>Total undiscounted financial liabilities</b>	<b>53,969,166</b>	<b>53,656,340</b>	<b>107,625,506</b>
<b>Total net undiscounted financial liabilities</b>	<b>(18,492,217)</b>	<b>(48,823,753)</b>	<b>(67,315,970)</b>

(Amounts expressed in Sri Lankan Rs. '000)

The table below shows the contractual expiry by maturity of the Group's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called in.

As at 31st March	Group	
	2021	2020
Financial guarantees		
One year or less	11,827,738	12,756,635
One to five years	52,234,163	33,417,703
Over five years	-	19,940,550
	64,061,901	66,114,888

### 3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity price and equity prices, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### (a) Commodity price risk (GAHL Group)

The Group's primary exposure to commodity price risk arises from the sale of palm based products and purchase of raw materials. These commodities are subject to volatility in prices, due to a number of varying market forces and factors.

The Group manages the price risk, due to the impact of such price volatility on its cash flows, by hedging its sales by entering into forward physical sales contract or by hedging its sales through CPO swaps where required.

As at 31st March 2021 had the prices of CPO and PK been 5 % higher/lower with all other variables held constant, profit before tax would have increased/decreased by US\$ 16,936,000 (2020 : US\$ 10,335,000).

CPO, PK and PKO are also key raw materials in our edible oils and fats business segment. These are as stated above freely-traded market commodities and are subject to varying market forces that determine its prices.

In the edible oils and fats business segment, the GAHL Group manages the impact of such price volatility on its cash flows, by hedging its purchases either by entering into forward purchase contract or through a back-to-back purchase arrangement for the respective sales or taking hedging positions in Bursa Malaysia Derivatives ("BMD").

#### (b) Equity price risk (Guardian (CGIT) Group)

The CGIT Group operate as an investment house, where the principle activity of each of the Companies within the Group being to act as specialized investment vehicle to undertake, among others; listed and private equity investments, the CGIT Group is categorically exposed to equity price risk. Having a substantial portion of 94 % (2020 – 90%) of its investment portfolio designated as listed investments in the Colombo Stock Exchange and private equity investments, market volatilities bring in substantial volatility to the CGIT Groups earnings and value of its asset base at the reporting date.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 43 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

#### Management of market price risk

##### Listed equity

Management of the CGIT Group monitors the mix of debt and equity securities in its investment portfolio based on market indices, where decisions concerned with the timing of buy/sell decisions are well supported with structured in-house research recommendations. Transactions of a major magnitude within the portfolio are subject to review and approval by the Investment Committee.

##### Private equity investments

Due evaluations are carried out before-hand, extending to both financial and operational feasibility of the private equity projects that the CGIT Group ventures into, with a view to ascertain the respective company's investment decision and the risks involved. Continuous monitoring of the operations against the budgets and the industry standards ensure that the projects meet the desired outcome, and thereby the returns. Further, the CGIT Group generally carries investment agreements with the parties concerned, which carry specific 'exit clauses' to private equity projects - typically an 'Initial Public Offering' or a 'Buy-out' at a specified price formula, which provides cover to a certain extent against movements in market conditions.

#### Investment in equity securities - Quoted shares at fair value through profit or loss

As at 31st March	Group			
	2021	% of total	2020	% of total
Banks	2,362,461	25%	1,667,909	22%
Chemicals & Pharmaceuticals	143	0%	80	0%
Capital goods	1,436,408	15%	730,659	10%
Consumer Durables & Apparel	-	0%	93,111	1%
Consumer service	177,956	2%	85,367	1%
Diversified financials	2,029,954	22%	2,109,876	28%
Energy	380	0%	316	0%
Food beverage & Tobacco	1,797,678	19%	1,468,242	20%
Health Care	-	0%	16,945	0%
Insurance	786,010	8%	667,882	9%
Materials	50,035	1%	271,851	4%
Real Estate	7,750	0%	6,000	0%
Telecommunication	504,700	5%	329,996	4%
Utilities	28,991	0%	48,592	1%
Foreign equity investment	108,888	1%	-	0%
	9,291,354		7,496,826	

(Amounts expressed in Sri Lankan Rs. '000)

### (c) Foreign currency risk (GAHL Group)

The GAHL Group has currency exposures arising from loans and borrowings of Indonesian entities denominated in a currency other than the functional currency, the IDR. The foreign currency in which these loans and borrowings are denominated is USD.

A significant portion of the raw material purchases in the edible oils and fats business segment in Malaysia is also denominated in USD, resulting in a currency exposure against the functional currencies of MYR.

The GAHL Group's currency exposure arising from sales and purchases (excluding above), as well as all other assets, liabilities and operational expenses is limited as these are primarily denominated in the respective functional currencies of GAHL Group entities, primarily IDR and MYR.

The GAHL Group manages the impact of such exchange movements on its cash flows, by hedging its currency exposure through forward booking arrangements on a selective basis. The Group does not have any other foreign currency hedge arrangements as at balance sheet date.

#### Foreign exchange - Sensitivity analysis

The following Table demonstrates the sensitivity of the Group's profit/loss before taxation to a reasonably possible change in MYR and IDR exchange rate against the USD, with all other variables held constant:

Increase/(decrease) in profit before tax:	2021	2020
MYR strengthened by 5%	(44,514)	(85,164)
MYR weakened by 5%	44,514	85,164
IDR strengthened by 5%	(438,353)	(974,092)
IDR weakened by 5%	438,353	974,092

### (d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in the market interest rates arises primarily from the group's long-term debt obligation with floating exchange rates.

The Group will pursue derivative mechanisms such as interest swaps, where necessary, to manage its interest risk arising from the group's sources of finance. The Group does not actively pursue derivative mechanisms at the moment.

Interest expense had been capitalised to bearer plants to the extent that the borrowing is used to fund the qualifying assets (bearer plants) until the point of maturity. The remaining interest expenses were charge to the income statement.

At the balance sheet date, if US Dollar interest rate had been 500 basis points higher/lower with all other variables held constant, the Group's profit or loss would have decreased/increased by US\$ 981,000 (2020: US\$ 1,312,000).

At the end of the reporting period the profile of the Group's interest-bearing financial instruments were as follows.

As at 31st March	2021	2020
<b>Financial Assets</b>		
Short term deposits	12,230,958	10,940,275
	12,230,958	10,940,275
<b>Financial liabilities</b>		
Loans term borrowings	59,489,484	56,793,406
Lease liabilities	966,336	872,042
Short term borrowings	19,800,065	29,550,749
Redeemable Convertible Preference Shares (RCPS)	2,450,866	2,044,539
	82,706,751	89,260,736

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 44 CAPITAL MANAGEMENT

Group consist of companies operating in different business sectors spanning across several geographical domains. Due to the different industry/market specific business sensitivities across industries, Group does not push down a "one size fits all" policy in capital management to its subsidiaries.

Individual companies, through their respective Boards of directors determine the capital structure best suited for their business needs subject to regulatory framework, cash-flow capacity potential, availability or otherwise of cheaper external funding, future expansion plans and share holder sentiments.

Whilst allowing the flexibility to determine the optimum capital structure for its subsidiaries, group monitors capital through the relevant ratios (i.e. gearing ratio, debt to equity ratio, etc) which each sector has to present to their respective Boards and the Board of the parent company at each quarterly performance review. Further, each public quoted company of the group has to submit an internally verified solvency report to their respective Board on quarterly basis along with the submission of interim reports irrespective of whether a distribution is proposed or not.

#### (a) Analysis of Group Changes in Net Debt

The Group defines capital as the total equity of the group. The group's objective for managing capital is to deliver competitive, secure and sustainable returns to maximize long term shareholder value.

Net debt is current and non current finance debt less cash equivalents. The net debt ratio is the ratio of net debt to total equity. The net debt ratio enables investors to see how significant net debt is relative to equity from shareholders.

As at 31st March	2021	2020
Gross Debt	82,706,751	89,260,736
Cash and Cash Equivalents	(19,953,659)	(22,386,248)
Net Debt	62,753,092	66,874,488
Equity	79,080,525	55,185,964
Net Debt Ratio	79%	121%

#### (b) Adjusted net gearing ratio

Adjusted net gearing ratio is adjusted net debt to equity, which equals adjusted net debt divided by total capital. The Group includes within adjusted net debt, net debt less liquid working capital. Liquid working capital includes inventories (excluding consumables) and trade receivables, less current liabilities (excluding loans and borrowings). Capital includes equity funds.

As at 31st March	2021	2020
Total equity	79,080,525	55,185,964
Liquid working capital:		
Inventories (including biological assets)	12,637,121	9,747,761
Trade receivables	6,967,490	5,579,429
Assets held for sales	1,511,098	690,532
Less: Current liabilities (excluding loans and borrowings)	(21,370,053)	(16,487,220)
Total liquid working capital	(254,344)	(469,498)
Adjusted net debt	63,007,436	67,343,986
Adjusted net gearing ratio (%)	80%	122%

(Amounts expressed in Sri Lankan Rs. '000)

## 45 COMMITMENTS

### (a) Capital commitments

Capital expenditure contracted for as at the date of the reporting period but not recognised in the financial statements are as follows:

As at 31st March	Group	
	2021	2020
<b>Oil Palm plantation and Oil and Fats</b>		
Approved and contracted for	461,008	3,032,103
<b>Leisure</b>		
Approved and contracted for	-	-
Total capital commitments	461,008	3,032,103

### (b) Finance commitment

Documentary credits established for foreign purchases of the Group as at 31st March 2021 amounts to Rs.2,360 Mn (2020 - Rs. 335.2 Mn)

### (c) Commitments for purchase contracts

The Group has the following committed purchases contracts entered into for the use of the Group. The contractual or underlying amounts of the committed contracts with fixed pricing terms that were outstanding as at period end are as follows:

As at 31st March	Group	
	2021	2020
<b>Oil Palm plantation and Oil and Fats</b>		
Purchases	4,111,702	3,992,098
Sales	9,191,181	6,569,177
	13,302,883	10,561,275

### (d) Contingent liabilities

#### (i) Corporate guarantees

- (a) The Goodhope Asia Holdings Group has provided a corporate guarantee to a bank for a loan taken under the Plasma programme. Loan value is equivalent to Rs. 436 Mn (2020 - Rs. 468 Mn).

The Goodhope Asia Holdings Ltd (GAHL) has provided the following guarantees at the end of the reporting period:

GAHL has provided corporate guarantees to financial institutions for the financing facilities obtained by its subsidiaries, amounting to Rs. 64 Bn or equivalent US\$ 316,633,000 (2020 - Rs. 65 Bn or equivalent US\$ 342,360,000). It has undertaken to provide continuing financial support to certain subsidiaries to enable them to meet their liabilities as and when they fall due.

- (b) Contingent liabilities as at 31st March 2021 in Lion Brewery (Ceylon) PLC (LBCPLC) amounts to Rs. 200 Mn (2020 - Rs. 240 Mn), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 45 COMMITMENTS (CONTD.)

#### (ii) Material litigation

- (a) In 2008 the Customs Department instituted a prosecution in the Fort Magistrate's Court (MC) in Case No. S/65898/07/B against the Ceylon Beverage Holdings PLC and its Directors for the recovery of Rs. 48,121,634/29 comprising of Rs.23,062,080/43 being the amount of Excise (Special Provision) Duty (the 'duty') purportedly in arrears during the period 1998/IVq to 2001/IIIq and Rs.25,059,553/86 as its penalty. The CBH and the Directors filed an application for Writ in the Court of Appeal (CA) to quash the Certificate of Excise Duty in Default issued by the Director General of Customs and Excise Duty and obtained a Stay Order in respect of the proceedings of the Fort MC Case. A sum of Rs. 23,062,080/43 being the duty amount in dispute was paid to Sri Lanka Customs by the Company as required before submitting its appeal. Subsequently the CA Application was dismissed and the CBH appealed against the Order to the Supreme Court and was granted Special Leave to Appeal by the Court. The Court also ordered the staying of all further proceedings in the MC Case until final hearing and determination of the Appeal. No provision has been made for the payment of penalty amounting to Rs.25,059,553/86, pending the Judgment from the Supreme Court in the said Leave to Appeal matter. Currently this matter is in the Arguments stage and will be heard in the Supreme Court on 12th July 2021.
- (b) A case has been filed against the Pegasus Hotels of Ceylon PLC by an individual in the District Court of Negombo seeking a declaratory title from court stating that he is co-owner of 127.5 perches of the land that belonged to the Company. The outcome of the court process is still pending. However, the Pegasus Hotels of Ceylon PLC is confident that it can establish title to the said land. In any case, the claimed land extent falls within the 1,251 perches of land acquired by the Government for the fisheries harbour project and detailed under note 30 (c ). Since the crystallization of the contingent liability is subject to the ruling of the District Court case followed by the available appeal process thereafter and the subsequent value determination of the claim by the Government valuer, said contingent liability cannot be quantified.

There were no contingent liabilities other than those disclosed above as at the reporting date.

### 46 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

#### Voluntary Offer to the Non-Controlling shareholders of Equity One Limited.

The Carson Cumberbatch PLC holds 39,901,968 ordinary shares as at date in Equity One Limited ("EQIT") being 98.96% of the total shares in issue.

The Board of Carson Cumberbatch PLC decided on 15th July 2021 to make an offer to acquire all of the issued shares from the shareholders of Equity One Limited, other than the shares held by the company, at a price of Rs.110/- per share as per the terms and conditions set out in the offer. The total investment required by the Company, assuming all non-controlling shareholders will accept the offer would not exceed Rs.46,173,820/-.

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements other than above.

(Amounts expressed in Sri Lankan Rs. '000)

## 47 RELATED PARTY DISCLOSURES

The Company carried out transactions in the ordinary course of its business on an arm's length with the parties who are defined as related parties in Sri Lanka Accounting standard (LKAS - 24 "Related party disclosures", the details of which are reported below.

### Parent and ultimate controlling party

In the opinion of Directors, Bukit Darah PLC is the ultimate parent and controlling entity of Carson Cumberbatch PLC.

### Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business with the following related entities. The list of Directors at each of the subsidiaries, joint venture have been disclosed in the Group Directorate under the Supplementary Information section of the Annual Report.

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

### Non-recurrent related party transactions

There were no non-recurrent related party transactions during the year which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2021 audited financial statements, which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

### Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2021 audited financial Statements, which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

#### (a) Recurrent Transaction

As at 31st March	Group		Company	
	2021	2020	2021	2020
<b>Amounts due from Subsidiaries</b>				
Carsons Management Services (Private) Limited	-	-	106,408	198,828
Equity Hotels Ltd	-	-	21,953	16,953
	-	-	128,361	215,781

Current amounts due from subsidiaries which 100% group owned are unsecured, non-interest-bearing and are repayable on demand. These balances are expected to be settled in cash.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

<b>47 RELATED PARTY DISCLOSURES (Contd.)</b>		Group		Company	
<b>(a) Recurrent Transaction (Contd.)</b>	2021	2020	2021	2020	
For the year ended 31st March					
<b>Transaction with Subsidiaries</b>					
Dividend Income received	-	-	415,345		186,616
Amounts paid for services obtained (Note i)	-	-	13,044		13,044
Advanced granted/(settlement) (Note ii)	-	-	(87,420)		137,139
<b>(i) Carsons Management Services (Private) Limited</b>					
Support service fees	-	-	12,000		12,000
Secretarial fees paid	-	-	444		444
Computer Fees paid	-	-	600		600
	-	-	13,044		13,044
<b>(ii)</b> Carsons Management Services (Private) Limited	-	-	(92,420)		120,186
Equity Hotels Ltd	-	-	5,000		16,953
	-	-	(87,420)		137,139
<b>(iii) Transaction with Joint Venture</b>					
Secretarial fees received	251	251	-		-
Support service fees and other expenses charged are based on the respective services provided by Carsons Management Services (Private) Limited (CMSL) as per the service agreements signed between the companies on an arm's length basis.					
<b>Transaction with Other related entities</b>					
<b>(i)</b>	Carson Cumberbatch PLC has provided letters of comfort to Carsons Management Services (Private) Limited. Confirming its intention to continue to provide financial and other support and meet liabilities to enable the wholly owned subsidiary to continue as a going concern for audit purposes.				
<b>Transaction with Key Management Personnel (KMP)</b>					
According to LKAS 24 "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company/Group (including Executive and Non Executive Directors) and their immediate family members have been classified as KMP of the Company/Group.					
Compensation paid to the key Management Personnel of the Company and the Group comprise as follows:					
For the year ended 31st March	2021	2020	2021	2020	
Short term employee benefits	1,272,824	1,198,179	25,233		23,140
Post employment benefits	4,949	4,947	-		-
Termination benefits	3,500	-	-		-
Non-cash benefits	6,141	6,140	-		-
	1,287,414	1,209,266	25,233		23,140
<b>(b) Non Recurrent Transaction</b>					
There were no non-recurrent related party transaction during the period.					
<b>48</b>	As at March 31, 2021, certain plantation and oil and fats companies of the Group (PT Sariwana Adi Perksa, PT Sinar Sawit Andalan, PT Sumber Hasil Prima, PT Sawit makmur Sejahtera, PT Batumas Sejahtera, PT Agro Wana Lastari, PT Nabire Baru, PT Agrajaya Baktitama and Premium Oils & fats Sdn. Bhd have incurred accumulated loss or net liability positions. Furthermore, the above subsidiaries' current liabilities exceeded its current assets as at March 31, 2021. Goodhope Asia Holdings Ltd, the immediate parent entity of the said subsidiaries, confirmed its intention to financially support the said subsidiaries to enable them to meet their financial obligations as they fall due.				

(Amounts expressed in Sri Lankan Rs. '000)

#### 49 ENTERING INTO A SHARE SALES AND PURCHASE AGREEMENT (“SSPA”) FOR DISPOSAL OF MAJORITY HOLDING IN GUARDIAN CAPITAL PARTNERS PLC BY CEYLON GUARDIAN INVESTMENT TRUST PLC

Ceylon Guardian Investment Trust PLC (“CGIT”) and Guardian Capital Partners PLC (“GCP”) entered into a Share Sales and Purchase Agreement (“SSPA”) with Gazelle Asset Management Pte Ltd (“GAZELLE”), a company incorporated in Singapore, for sale of 21,692,800 ordinary shares being 83.97% stake of GCP held by CGIT to GAZELLE. Purchase consideration per share will be determined based on the net asset value per share of GCP as at a date mutually agreed by the parties prior to the transaction, plus a premium of Rs. 40 Mn. NDB investment Bank Limited is the exclusive Financial Advisors to the Transaction. The transaction is yet to be completed as at the date of signing these Financial Statements and has taken a longer period than anticipated at the time of signing the SSPA.

#### 50 EXCHANGE RATE

The exchange rates applicable during the period were as follows:

For the year ended 31st March	Balance Sheet		Income Statement	
	Closing rate		Average Rate	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Malaysian Ringgit	47.92	43.69	45.13	43.08
US Dollar	199.83	189.91	188.62	179.29
Indonesian Rupiah (Rp)	0.0137	0.0116	0.01	0.0127
Indian Rupee (INR)	2.61	2.50	2.54	2.53

#### 51 BOARD OF DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards.

#### 52 IMPACT FROM CORONAVIRUS (COVID-19) PANDEMIC

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Consolidated Financial Statements. The estimation uncertainty is associated with the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;

- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP and employment).
- This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed various accounting estimates in these Consolidated Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31st March 2021 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group.

Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to recoverable amount assessments of non-financial assets, investments in subsidiaries, recoverable value of property plant and equipment net realizable value of inventory and Allowance for expected credit losses.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further. Readers should carefully consider these disclosures in light of the inherent uncertainty described above.

# Group Real Estate Portfolio

The values of land & buildings owned and leased by companies within the Group and which have been revalued by valuers are indicated below together with the last date of valuation:

As at 31st March 2021

Company	Location	Extent** (Hectares)	Land & Building		Date of last Valuation
			Market Value Rs. '000	Book Value Rs. '000	
Equity One PLC.	Colombo 7	0.238	1,524,620	1,524,620	31-Mar-21
Equity One PLC	Colombo 2	0.455	930,785	930,785	31-Mar-21
Equity Two PLC	Colombo 1	0.072	561,075	561,075	31-Mar-21
Equity Two PLC	Colombo 1	0.146	959,180	959,180	31-Mar-21
Equity Three (Private) Limited	Colombo 13	0.208	578,011	578,011	31-Mar-21
		1.119	4,553,671	4,553,671	
PT Agro Indomas	Indonesia	26,988	12,200,299	4,339,931	30-Sep-20
PT Agro Bukit	Indonesia	13,991	8,253,862	4,082,089	30-Sep-20
PT Karya Makmur Sejahtera	Indonesia	10,872	4,809,770	2,193,586	30-Sep-20
PT Agro Wana Lastari	Indonesia	15,273	6,715,519	5,478,855	30-Sep-20
PT Rim Capital	Indonesia	3,933	1,424,138	643,071	30-Sep-20
PT Agro Jaya Baktitama	Indonesia	7,028	3,139,753	1,803,431	30-Sep-20
PT Nabire Baru	Indonesia	11,611	5,981,214	6,093,748	30-Sep-20
PT Batu Mas Sejahtera	Indonesia	3,146	1,154,151	1,834,538	30-Sep-20
PT Sawith Makmur Sejahtera	Indonesia	7,721	3,034,709	1,359,725	30-Sep-20
PT Sumber Hasil Prima	Indonesia	5,038	2,421,465	1,910,934	30-Sep-20
PT Sinar Sawit Andalan	Indonesia	3,281	1,303,544	569,977	30-Sep-20
PT Sariwana Adi Perkasa	Indonesia	5,096	2,400,278	750,342	30-Sep-20
PT Agro Bina Lestari***	Indonesia	8,500	228,627	228,627	
PT Agro Surya Mandiri***	Indonesia	6,500	228,605	228,605	
		128,978	53,295,934	31,517,458	
Premium Vegetable Oil Sdn. Bhd.	Malaysia	4.63	2,307,324	1,558,056	31-Dec-19
Arani Agro Oil Industries Limited	India	0.93	225,215	134,289	31-Jan-21
		5.558	2,532,539	1,692,345	
Ceylon Brewery PLC	Nuwara-Eliya/ Trincomalee	1.60	486,870	486,870	31-Mar-20
Lion Brewery (Ceylon) PLC	Biyagama	15.54	5,823,931	5,823,931	31-Mar-20
Millers Brewery PLC	Padukka	9.19	1,402,182	1,402,182	31-Mar-20
		26.33	7,712,983	7,712,983	
Pegasus Hotels of Ceylon Ltd.	Wattala	5.450	1,858,522	1,858,522	31-Mar-21
Equity Hotels Ltd.	Giritale	6.030	293,764	293,764	31-Mar-21
		11.480	2,152,286	2,152,286	
<b>Total value</b>		129,023	70,247,413	47,628,743	

\* Indonesian Plantation Companies - Book Value reflects Carrying Value as at 31 March 2021 where as independent Market value reflects the value as at the date of last valuation as indicated. Also converted to LKR at the closing exchange rate as at 31 March 2021. Land and Building Includes value of Land Rights.

\*\* Indonesian plantation Companies - Land Hectareage extent reflects the most updated status as at 31 March 2021 based on the land certification by Indonesian authorities.

\*\*\* The market value of Land and Building of PT Agro Bina Lestari and PT Agro Surya Mandiri reflects book carrying value as at 31 March 2021.

# Income Statement - USD

For the year ended 31st March	Group	
	2021	2020
<b>Continuing operations</b>		
Revenue	608,821,159	590,738,638
Direct operating expenses	(445,321,461)	(448,024,716)
Gross profit	163,499,698	142,713,922
Other income	9,402,807	7,139,066
Change in fair value of investment properties	325,087	844,624
Change in fair value of biological assets	2,817,077	884,849
Change in fair value of fair value through profit or loss financial assets	9,989,402	(10,047,466)
Distribution expenses	(35,024,875)	(35,883,614)
Administrative expenses	(46,042,588)	(51,408,006)
Other operating expenses	(3,074,955)	(5,065,233)
Impairment of business assets	(3,230,527)	(4,129,110)
Foreign exchange gain/(losses)	9,835,866	(10,576,944)
Profit before finance cost	108,496,991	34,472,087
Net finance cost	(32,563,551)	(37,221,211)
Share of profit of equity accounted investee, (net of tax)	(99,544)	63,312
Profit before tax	75,833,896	(2,685,812)
Income tax expenses		
Current taxation	(21,333,618)	(12,633,114)
Deferred taxation	(2,516,223)	523,465
	(23,849,841)	(12,109,648)
<b>Profit from continuing operations</b>	<b>51,984,055</b>	<b>(14,795,460)</b>
<b>Discontinued operations</b>		
Profit/(Loss) from discontinued operations, (net of tax)	(583,157)	(1,058,437)
Gain on disposal of subsidiary	81,524	2,131,789
Net impact from discontinued operations, (net of tax)	(501,633)	1,073,352
Profit for the year	51,482,422	(13,722,109)
Profit/(loss) Attributable to:		
Owners of the Company		
Profit/(loss) from continuing operations, net of tax	25,758,109	(10,100,262)
Profit/(loss) from discontinued operations, net of tax	(199,572)	1,578,908
	25,558,537	(8,521,354)
Non controlling interest		
Profit/(loss) from continuing operations, net of tax	26,225,946	(4,695,198)
Profit/(loss) from discontinued operations, net of tax	(302,061)	(505,557)
	25,923,885	(5,200,755)
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	124,865,626	93,034,530
Exchange rate	188.62	179.29

# Statement of Financial Position - USD

As at 31st March	2021	Group 2020
<b>ASSETS</b>		
<b>Non - Current Assets</b>		
Property, plant & equipment	333,866,196	295,997,952
Bearer Plants	169,416,004	159,101,822
Investment properties	22,416,384	23,152,899
Intangible assets	50,847,926	52,039,857
Investments in equity accounted investee	3,296,784	3,333,708
Investment in equity and debt securities	44,075,872	25,316,355
Deferred tax assets	17,495,821	17,190,980
Other financial receivables	123,900	130,372
Other non financial receivables	47,247,330	45,661,166
<b>Total non - current assets</b>	<b>688,786,218</b>	<b>621,925,111</b>
<b>Current Assets</b>		
Inventories	51,369,229	43,129,561
Trade receivables	24,022,264	20,908,009
Other financial receivables	10,844,823	8,471,323
Other non financial receivables	44,776,725	41,135,469
Current tax recoverable	196,087	546,813
Investment in equity and debt securities	48,926,202	41,287,389
Investment in Unit trusts	991,608	3,173,556
Derivative financial instruments	954,000	76,068
Biological assets	11,870,130	8,198,757
Cash and cash equivalents	95,910,134	117,878,195
	289,861,201	284,805,140
Assets held for sale	7,561,918	3,636,101
<b>Total current assets</b>	<b>297,423,119</b>	<b>288,441,242</b>
<b>Total assets</b>	<b>986,209,337</b>	<b>910,366,352</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Stated capital	10,103,695	10,103,695
Revenue reserves	186,054,748	131,881,970
Equity attributable to owners of the Company	196,158,443	141,985,665
Non-controlling interest	199,580,546	148,604,416
<b>Total equity</b>	<b>395,738,989</b>	<b>290,590,081</b>
<b>LIABILITIES</b>		
<b>Non - Current Liabilities</b>		
Loans and borrowings	271,826,142	279,432,105
Lease liabilities	2,517,605	2,718,267
Other financial payables	4,550,548	385,251
Other non financial liabilities	8,254,151	6,137,097
Derivative financial instrument	5,525,000	6,464,158
Deferred tax liabilities	51,313,917	49,957,809
<b>Total non - current liabilities</b>	<b>343,987,363</b>	<b>345,094,686</b>
<b>Current Liabilities</b>		
Trade payables	18,606,125	30,340,034
Other financial payables	73,929,470	55,033,684
Current tax liabilities	12,827,568	802,185
Derivative financial instruments	1,578,000	640,063
Loans and borrowings	137,223,630	185,992,014
Lease liabilities	2,318,190	1,873,605
<b>Total current liabilities</b>	<b>246,482,984</b>	<b>274,681,585</b>
<b>Total liabilities</b>	<b>590,470,347</b>	<b>619,776,270</b>
<b>Total equity and liabilities</b>	<b>986,209,337</b>	<b>910,366,352</b>
Exchange rate	199.83	189.91

# Glossary

## A

### ACTUARIAL GAINS AND LOSSES

Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

### AVAILABLE FOR SALE FINANCIAL ASSETS

Non derivative financial asset that are designated as available for sale or any other instruments that are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

### ASSETS HELD FOR SALE

The carrying amount of the asset value which will be recovered through a sale transaction rather than through continuing use.

### AWDR

The Average Weighted Deposit Rate is calculated by the Central Bank monthly and half yearly based on the weighted average of all outstanding interest bearing deposits of commercial banks and the corresponding interest rates.

### AWPLR

The Average Weighted Prime Lending Rate is calculated by the Central Bank weekly, monthly and half yearly based on commercial bank's lending rates offered to their prime customers.

### AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## B

### BIOLOGICAL ASSET

A living plant or animal used in the business.

## C

### CAPITAL EXPENDITURE

The total of additions to property, plant & equipment, Biological assets, intangible assets, prepaid lease payments for lands and investment property.

### CARRYING AMOUNT

The amount at which an asset is recognised in the statement of Financial Position.

### CREDIT RISK

Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

### CASH & CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant can't risk of changes in value.

### CONTINGENT LIABILITIES

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

### CURRENT RATIO

Current Assets over Current Liabilities. A measure of liquidity.

### CAPITAL EMPLOYED

Shareholders' funds plus non-controlling interests and long term and short term borrowings.

### CURRENCY SWAP

An agreement between two parties to exchange two currencies at a certain exchange rate at a certain time in the future.

### CURRENT SERVICE COST

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

## D

### DEBENTURE

A long-term debt instrument issued by a corporate.

### DERIVATIVES

Financial contracts whose values are derived from the values of underlying assets.

### DIVIDENDS

Distribution of profits to ordinary shareholders of equity investments.

### DIVIDEND COVER

Profit after tax divided by gross dividends. This ratio measures the number of times dividend is covered by the current year's distributable profits.

## Glossary

### DIVIDEND YIELD

Dividend earned per share as a percentage of its market value.

### DIVIDENDS PER SHARE (DPS)

Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

### DEBT/EQUITY RATIO

Debt as a percentage of Shareholders Funds.

### DIVIDEND PAYOUT RATIO

Total Dividend interest and Tax as percentage of Capital Employed.

## E

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### EBIT

Earnings before Interest and tax expenses.

### EBITDA

Earnings before interest, tax, depreciation and amortization.

### EFFECTIVE RATE OF INTEREST

Total long-term and short-term interest divided by average long-term and short-term liabilities at the beginning and end of the year.

### EFFECTIVE TAX RATE

Income tax expense divided by profit before tax.

### EMISSIONS

The release of greenhouse gases and/or their precursors into the atmosphere over a specified area and period of time.

### EQUITY INSTRUMENTS

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### ENTERPRISE VALUE (EV)

The total sum value of market capitalization, equity attributable to non-controlling shareholders and net debt.

### EARNINGS PER SHARE (EPS)

Profit attributable to ordinary shareholders, divided by the number of ordinary shares in issue.

## F

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### FAIR VALUE

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

### FAIR VALUE THROUGH PROFIT AND LOSS

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term.

### FORWARD EXCHANGE CONTRACT

Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

### FINANCIAL ASSET

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

### FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

### FINANCIAL LIABILITY

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

### FINANCE LEASE

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

## G

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### GROSS DIVIDENDS

The portion of profit inclusive of tax withheld distributed to shareholders.

### GROUP

A group is a parent and all its subsidiaries, associates and joint ventures.

### GAIN ON BARGAIN PURCHASE

The amount of the identifiable assets acquired and liabilities assumed exceeds the aggregate consideration transferred.

### GEARING

Proportion of total interest bearing borrowings to capital employed.

## GOODWILL ON CONSOLIDATION

The excess of the cost of acquisition over the fair value of the share of net assets acquired when purchasing an interest in a company.

## GUARANTEES

A contractual obligation made by a third party (Guarantor), who is not a party to a contract between two others, that the guarantor will be liable if the guarantee fails to fulfill the contractual obligations under that said contract.

## H

### HELD-TO-MATURITY

A financial asset with fixed and determinable payments and fixed maturity, other than loan and receivables, for which there is a positive intention and ability to hold to maturity.

## I

### IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

### INTEREST COVER

Profit before tax and net finance cost divided by net finance cost. Measure of an entity's debt service ability.

### INTEREST RATE SWAP

An arrangement whereby two parties swap interest rate commitments with each other to reduce interest rate risks on fixed or floating rate loans.

## INTERNAL RATE OF RETURN (IRR)

Rate of return used in capital budgeting to measure and compare the profitability of investments.

## INTANGIBLE ASSET

An identifiable non-monetary asset without physical substance held for use in the production/supply of goods/services or for rental to others or for administrative purposes.

## K

### KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

## L

### LIBOR

The London Inter-Bank Offer Rate is an interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market.

### LIQUIDITY RISK

The risk of an entity having constraints to settle its financial liabilities.

### LOANS AND RECEIVABLES

A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

### LIQUID ASSETS

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange and treasury bills.

## M

### MARKET CAPITALISATION

Number of Shares in issue at the end of the period multiplied by the Market price at end of period

### MARKET RISK

Possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

## N

### NON-CONTROLLING INTEREST (NCI)

Equity in subsidiary not attributable, directly or indirectly, to a parent.

### NET ASSET VALUE PER SHARE

Shareholders' funds divided by the number of ordinary shares in issue.

## O

### OTHER COMPREHENSIVE INCOME

An entry that is generally found in the shareholders' equity section of the balance sheet.

## P

### PRICE EARNINGS RATIO (P/E RATIO)

Market price of an ordinary share divided by earnings per share (EPS).

### PRICE TO BOOK VALUE RATIO (PBV)

Market price per share divided by net assets per share.

## Glossary

### PUBLIC HOLDING

Percentage of shares held by the public calculated as per the Colombo Stock Exchange Listing Rules as at the date of the Report.

## Q

### QUICK ASSET RATIO

Total current assets less inventories divided by total current liabilities.

## R

### RELATED PARTIES

A person or entity that is related to the entity that is preparing its Financial Statements.

### RETURN ON AVERAGE ASSETS (ROA)

Net income expressed as a percentage of average total assets, used along with ROE, as a measure of profit and as a basis of intra-industry performance comparison.

### RETIREMENT BENEFITS

Present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

### RETURN ON EQUITY

Profit attributable to equity holders of the company divided by average equity less non-controlling interest at the beginning and end of the year.

### RETURN ON CAPITAL EMPLOYED

Earnings before interest and tax as percentage of Capital Employed.

### RELATED PARTIES

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

### REVALUATION SURPLUS

Surplus amount due to revaluing assets in accordance with its fair value.

## S

### SHAREHOLDERS' FUNDS

Shareholders' funds consist of stated capital plus capital and revenue reserves.

### SEGMENTS

Constituent business units grouped in terms of similarity of operations and location.

## T

### TOTAL VALUE ADDED

The difference between revenue (including other income) and expenses, cost of materials and services purchased from external sources.

### TOTAL ASSETS

Fixed Assets plus Investments plus Non-Current Assets plus Current Assets.

## V

### VALUE ADDED

Value added is the wealth created by providing products and services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to government by way of taxes and retained for expansion and growth.

## W

### WEIGHTED AVERAGE COST OF CAPITAL (WACC)

The rate that a company is expected to pay on average to all its equity and debt holders.

### WORKING CAPITAL

Capital required to finance day- to-day operations, computed as the excess of current assets over current liabilities.

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the One Hundred and Eighth Annual General Meeting of Carson Cumberbatch PLC will be held on Thursday, the 26th day of August 2021 at 9.30 a.m. by means of audio or audio and visual technology at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 07, Sri Lanka for the following purposes:

1. To consider the Annual Report of the Board of Directors including the financial statements of the Company for the financial year ended 31st March 2021 together with the Report of the Auditors thereon.
2. To re-elect Mr. Amitha Saktha Amaratunga who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.
3. To re-elect Mr. Murugappan Muthiah Murugappan as a Director in terms of Article 68 of the Articles of Association of the Company.
4. To re-elect Mr. Yew Huat Ong as a Director in terms of Article 68 of the Articles of Association of the Company.
5. To re-appoint Mr. Tilak de Zoysa as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:  

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. Tilak de Zoysa who is 74 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”
6. To re-appoint Mr. Manoharan Selvanathan as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:  

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. Manoharan Selvanathan who is 74 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”
7. To re-appoint Mr. Hariharan Selvanathan as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:  

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. Hariharan Selvanathan who is 72 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”
8. To re-appoint Mr. Don Chandima Rajakaruna Gunawardena as a Director of the Company who is Seventy years of age and to consider and if deemed fit to pass the following resolution:  

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. Don Chandima Rajakaruna Gunawardena who is 70 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”
9. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No. 07 of 2007 and to authorize the Directors to determine their remuneration.

By Order of the Board

(Sgd.)  
**K. D. De Silva (Mrs.)**  
 Director  
**CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED**  
 Secretaries

Colombo  
 19th July 2021

## Notice of Meeting

Notes:

1. THIS NOTICE SHOULD BE READ IN CONJUNCTION with the attached document titled "Procedure to be followed at the 108th Annual General Meeting of the Company scheduled for 26th August 2021" which is enclosed with the Annual Report.
2. Having considered the prevailing COVID 19 pandemic situation in the country and the health and safety guidelines issued by the Health authorities in order to prevent the spread of COVID-19, the Board of Directors decided on 19th July 2021 to convene the Annual General Meeting (AGM) through an "audio-visual" technology in conformity with the applicable regulatory provisions and Article 43 (b) of the Articles of Association of the Company.
3. Shareholders who wish to participate the AGM through the online platform are kindly requested to complete and forward the "Registration Form (Annexure 1) as morefully explained in the said "Procedure to be followed at the 108th Annual General Meeting of the Company" enclosed to the Annual Report.
4. The Annual Report 2020/21 and the Notice convening the AGM together with the procedure to be followed at the AGM will be posted to the Shareholders, provided that, the postal department is in operation at the time of posting the said documents. Due to the restrictions imposed by the COVID-19 pandemic, in the event of curtailed operations by the postal department at the time of posting, the Notice convening the AGM will be published in one issue of a daily newspaper/e-newspaper in Sinhala, English and Tamil languages.
5. The documents will also be made available on the Colombo Stock Exchange website [www.cse.lk](http://www.cse.lk) and on the Group's website [www.carsoncumberbatch.com](http://www.carsoncumberbatch.com) and you may access same directly through the URL link [http://www.carsoncumberbatch.com/investor\\_information/annual\\_reports\\_2020\\_2021/carson-annual-report-2020-21.pdf](http://www.carsoncumberbatch.com/investor_information/annual_reports_2020_2021/carson-annual-report-2020-21.pdf)
6. A member is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
7. The completed Form of Proxy and Registration Form (Annexure 1), as relevant, must be submitted to the Company not later than 4.45 p.m. on 24th August 2021,
  - via email to [CARSAGM2021@carcumb.com](mailto:CARSAGM2021@carcumb.com), or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
8. A person representing a Corporation is required to submit a certified copy of the resolution authorizing him/her to act as the representative of the Corporation. A representative need not be a member.
9. The transfer books of the Company will remain open.

# Form of Proxy

\*I/We.....  
of.....  
being \*a Shareholder/Shareholders of CARSON CUMBERBATCH PLC hereby appoint .....  
of.....  
bearing NIC No./ Passport No ..... or failing him/her\*

Tilak de Zoysa	or failing him,
Hariharan Selvanathan	or failing him,
Manoharan Selvanathan	or failing him,
Don Chandima Rajakaruna Gunawardena	or failing him,
Suresh Kumar Shah	or failing him,
Rajendra Theagarajah	or failing him,
Wadugamudalige Marius Ravindra Srilal Dias	or failing him,
Amitha Saktha Amaratunga	or failing him,
Sharada Selvanathan (Ms.)	or failing her,
Murugappan Muthiah Murugappan	or failing him,
Yew Huat Ong	

as \*my/our proxy to attend at the 108th Annual General Meeting of the Company to be held on Thursday, the 26th day of August 2021 at 9.30 a.m. by means of audio or audio and visual technology at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 07, Sri Lanka and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To re-elect Mr. A.S. Amaratunga who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.	<input type="radio"/>	<input type="radio"/>
2. To re-elect Mr. M. M. Murugappan as a Director in terms of Article 68 of the Articles of Association of the Company.	<input type="radio"/>	<input type="radio"/>
3. To re-elect Mr. Y. H. Ong as a Director in terms of Article 68 of the Articles of Association of the Company.	<input type="radio"/>	<input type="radio"/>
4. To re-appoint Mr. T. de Zoysa who is over Seventy years of age as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
5. To re-appoint Mr. M. Selvanathan who is over Seventy years of age as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
6. To re-appoint Mr. H. Selvanathan who is over Seventy years of age as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
7. To re-appoint Mr. D. C. R. Gunawardena who is Seventy years of age as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
8. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act. No. 07 of 2007 and to authorize the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>

Signed this .....day of ..... Two Thousand and Twenty One.

.....  
Signature /s

**Note:**

- (a) \*Please delete the inappropriate words.
- (b) A shareholder entitled to attend and vote at a General Meeting of the company, is entitled to appoint a proxy to attend and vote instead of him/ her and the proxy need not be a shareholder of the company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders.
- (c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- (d) Instructions are noted on the reverse hereof.

## Form of Proxy

### INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy by filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 54 of the Articles of Association of the Company:
  - 1) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.
  - 2) An instrument appointing a proxy shall be in writing and:
    - (a) in the case of an individual shall be signed by the appointor or by his attorney; and
    - (b) in the case of a corporation shall be either under the common seal, or signed by its attorney, or by an authorized officer on behalf of the corporation.
  - 3) An instrument appointing a proxy or the power of attorney or other authority, if any, must be left or received at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting not less than forty eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine.
4. Where there are joint registered holders of any Share, any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting, one (01) of such persons so present whose name stands first in the Register in respect of such Share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.
5. To be valid the completed Form of Proxy should be submitted to the Company not later than 4.45 p.m. on 24th August 2021;
  - via email to CARSAGM2021@carcumb.com, or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.

Please fill in the following details

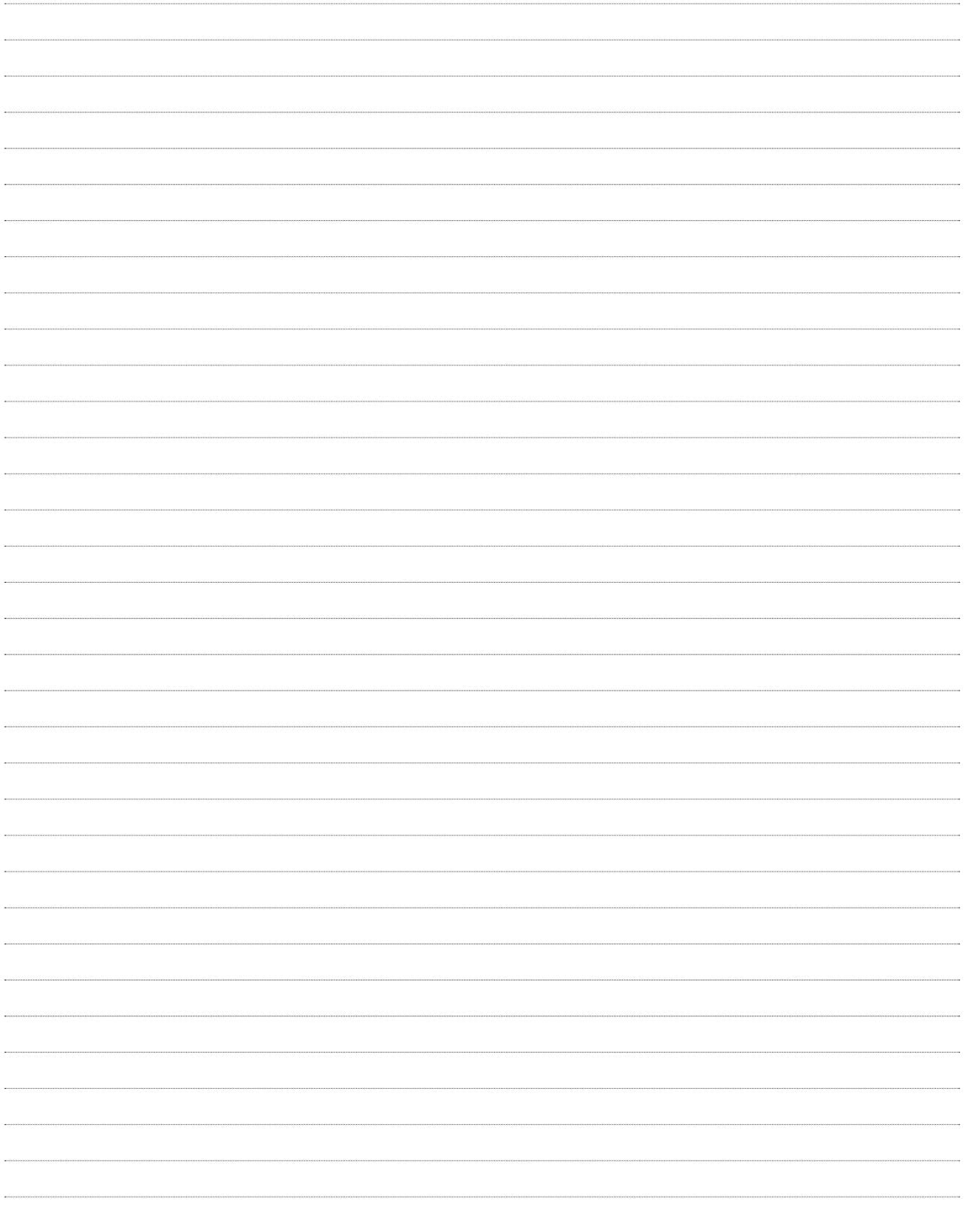
Name : .....

Address : .....

Jointly with : .....

Share Folio No. : .....





# Corporate Information

## NAME OF THE COMPANY

Carson Cumberbatch PLC

## COMPANY REGISTRATION NO.

PQ 41

## LEGAL FORM

A Public Quoted Company with limited liability. Incorporated in Sri Lanka in 1913.

## BOARD OF DIRECTORS

Mr. T. de Zoysa (Chairman)

Mr. H. Selvanathan (Deputy Chairman)

Mr. M. Selvanathan

Mr. D. C. R. Gunawardena

Mr. S. K. Shah

Mr. V. P. Malalasekera

– Resigned w.e.f 31/12/2020

Mr. F. Mohideen

– Resigned w.e.f 31/12/2020

Mr. R. Theagarajah

Mr. W. M. R. S. Dias

Mr. A. S. Amaratunga

Ms. Sharada Selvanathan

Mr. M. M. Murugappan

– Appointed w.e.f 1/1/2021

Mr. Yew Huat Ong

– Appointed w.e.f 1/1/2021

## Alternate Director

Mr. K. Selvanathan

(for Mr. M. Selvanathan)

Mr. S. Selvanathan

(for Mr. D. C. R. Gunawardena)

## AUDIT COMMITTEE

Mr. A. S. Amaratunga (Chairman)

– Non-Executive/Independent Director  
(Appointed as Chairman w.e.f 1/1/2021)

Mr. D. C. R. Gunawardena

– Non-Executive Director

Mr. Y. H. Ong

– Non-Executive/Independent Director

(Appointed w.e.f. 1/1/2021)

## REMUNERATION COMMITTEE

Mr. T. de Zoysa (Chairman)

– Non-Executive/Independent Director

Mr. D. C. R. Gunawardena

– Non-Executive Director

Mr. R. Theagarajah

– Non-Executive/Independent Director

Mr. W.M.R.S.Dias

– Non-Executive/Independent Director

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. W.M.R.S.Dias (Chairman)

– Non-Executive/Independent Director

(Appointed as Chairman/Member  
w.e.f 1/1/2021)

Mr. R. Theagarajah

– Non-Executive/Independent Director

(Appointed as Member w.e.f 1/1/2021)

Mr. D. C. R. Gunawardena

– Non-Executive Director

Mr. H. Selvanathan

– Executive Director

Mr. M. Selvanathan

– Executive Director

Mr. S.K. Shah

– Non-Executive Director

[Executive Director till 30/6/2021 &

Non-Executive Director w.e.f. 1/7/2021]

## NOMINATION COMMITTEE

Mr. T. de Zoysa - (Chairman)

– Non-Executive/Independent Director

Mr. D. C. R. Gunawardena

– Non-Executive Director

Mr. R. Theagarajah

– Non-Executive/Independent Director

Mr. W.M.R.S.Dias

– Non Executive/Independent Director

## BANKERS

Standard Chartered Bank

Bank of Ceylon

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

Nations Trust Bank PLC

Deutsche Bank

Peoples' Bank

## AUDITORS

Messrs KPMG, Chartered Accountants

No. 32A, Sir Mohamed Macan Markar

Mawatha, Colombo 3

Sri Lanka

## SECRETARIES

Carsons Management Services (Pvt) Ltd

No. 61,

Janadhipathi Mawatha, Colombo 1.

Sri Lanka

Tel : 94-11-2039200

Fax: 94-11-2039300

## REGISTERED OFFICE

No. 61,

Janadhipathi Mawatha, Colombo 1

Sri Lanka

Tel : 94-11-2039200

Fax: 94-11-2039300

Email: carsons@carcumb.com

Corporate Website:

www.carsoncumberbatch.com

## PARENT COMPANY

Bukit Darah PLC

1. Mr. V. P. Malalasekera resigned as Non-Executive/Independent Director of the Company w.e.f 31/12/2020 and ceased to be Member/Chairman of the Audit Committee and the Related Party Transactions Review Committee of the Company w.e.f 31/12/2020.

2. Mr. F. Mohideen resigned as Non-Executive/Independent Director of the Company w.e.f 31/12/2020 and ceased to be Member of the Audit Committee and the Related Party Transactions Review Committee of the Company w.e.f 31/12/2020.

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[www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)