

# CARSON CUMBERBATCH PLC

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Annual Report 2021/22



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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	2022	2021	% Change
<b>Income Statement</b>			
Group revenue	170,694,625	114,835,847	49
Profit from operations	26,887,956	16,741,927	61
Profit before taxation	22,373,161	14,303,789	56
Profit after taxation from continuing operations	14,651,065	9,805,232	49
EBITDA	33,901,555	23,552,154	44
Profit attributable to ordinary shareholders	7,354,472	4,820,851	53
Cash earning per share (Rs.)	88.23	82.01	8
Earnings per share (Rs.) - Group	37.45	24.55	53
Dividend per share (Rs.) - Company	1.50	0.75	100
<b>Statement of Cash flow</b>			
Operating cash flow	17,326,401	16,105,913	8
Capital expenditure	5,801,443	9,193,688	(37)
<b>Statement of Financial Position</b>			
Shareholders' funds	57,028,177	39,198,344	45
Net assets	116,063,040	79,080,525	47
Net assets per ordinary share (Rs.)	290.39	199.60	45
Return on ordinary shareholders' funds (%)	12.90%	12.30%	5
Total assets	281,185,406	197,074,212	43
Net debt	76,004,060	62,753,092	21
<b>Market/Shareholder Information</b>			
Market value per share (Rs.) - Company	270	279	(3)
Enterprise value (Rs. Mn)	188,063	157,329	20
Market capitalization (Company) (Rs. Mn)	53,024	54,694	(3)
Revenue to Government of Sri Lanka (Rs. Mn)	46,405	36,892	26
Economic value retained (Rs. Mn)	21,652	16,374	32
Group employment (Nos.)	13,407	13,492	(1)
Employee benefit liability as of 31 March	1,556,911	1,566,372	(1)

# Chairman's Statement

## Dear Shareholders,

I am pleased to report that your Group delivered another year of resilient performance despite the extraordinarily negative economic and trading conditions experienced during the year. The first half of the financial year limited our opportunities for business growth due to the COVID-19 pandemic and its associated lockdowns. However, pandemic restrictions eased off in the second half following the efficacy of the COVID-19 vaccines which enabled the containment of worldwide infection rates to a great extent.

In the aftermath of the pandemic, global economic conditions deteriorated significantly, due to the contraction in trade and the disruptions in supply chains. Meanwhile, global commodity markets rallied, further intensified by geopolitical tensions in Europe. The combined impact of the above-mentioned factors led to the acceleration of worldwide inflation levels, thereby impelling a majority of the nations across the world to pursue tight monetary policies.

Sri Lanka continued to experience the economic impact of the COVID-19 pandemic, and remained affected especially by the plight of the tourism industry which has unfortunately been in a state of crisis since April 2019. This situation was further exacerbated by the rapidly depleting foreign reserves in the country, mostly driven by the prolonged downtrend in tourism and the reduction in worker remittances. The country's exchange rate decisions evoked extreme inflationary pressures

while the extreme proportions of dollar shortage gave rise to sudden import restrictions and the invariable short supply of fuel, gas, medicine, food items and other necessities. The above factors led to immediate socio-economic unrest and considerable negative attention on the nation as a whole. At the present time, authorities have initiated a discussion with The International Monetary Fund to seek emergency economic aid, which even if successful, would certainly take its course of time.

Against the aforementioned precarious backdrop, Carson Cumberbatch PLC managed to achieve a top-line of Rs. 170.7 Bn at Group level, with an underlying growth of 49% and a profit before tax of Rs. 22.4 Bn for the financial year ended 31st March 2022. The core profit before tax excluding the effects of fair value movements and currency gains stood at Rs. 19.3 Bn; improving significantly from the preceding year's Rs. 9.97 Bn after similar adjustments. Our total assets as at 31st March 2022 surpassed Rs. 281 Bn. Such accomplishments are a clear testament of our agility, endurance and proactive approach to an intensely challenging environment, exemplified by the outstanding efforts of our workforce across all business sectors. Furthermore, the Group's geographical and industry-wise diversification helped to balance the adverse effects experienced by certain sectors, through the favourable results of others.

The Beverage sector's sales activities were curtailed as the country faced a lockdown period for a total of 52 days of the financial year 2021/22, leading to a complete halt in operations during this period. Volume growth, however, improved over the second half following the nation's COVID-19 containment efforts. Unfortunately, the slowdown in tourism continued to compress overall volumes during the concluded year. In the meantime, the purchasing cost of essential manufacturing inputs notably increased in line with global commodity prices, the depreciating Sri Lankan Rupee and the additional import barriers stemming from the scarcity of foreign exchange. Increase in freight charges due to the pandemic, geopolitical concerns and reduced vessel movement in the Colombo Port further augmented the margin pressure of the sector.

However, progress was made in beer exports during the year, expanding the volumes by 46% over the corresponding year. With a presence in 26 countries today, Lion Beer continues to enjoy the largest market share in the Maldives in addition to high volume contributions from Africa and the Middle East. Driven by the above factors, the sector secured a revenue of Rs. 60.4 Bn with a YoY growth of 18% and a profit after tax of Rs. 3.8 Bn.

We shall strive to steer through the treacherous economic waters by executing dynamic and responsive business strategies while acting prudently at all times

The Oil Palm Plantations sector benefited from the uptick in global Crude Palm Oil (CPO) prices, where the average monthly CPO prices as reflected in the Bursa Malaysia increased by 62% over the corresponding year. However, the total internal Fresh Fruit Bunch (FFB) production declined during the year due to adverse weather conditions and the secondary effects of the 2019 droughts. Despite the reduction in internal FFB production, the sector actively purchased external crop to reach a 10-year high of 363,034 Metric Tonnes of CPO production. Emphasis was placed on improving revenues from RSPO certified premiums, during the year. The average selling price, however was negatively impacted by the higher duties enforced in Indonesia along with drop in market prices in February 2022 following the imposition of a Domestic Market Obligation in Indonesia. This policy decision was aimed at restricting CPO exports from Indonesia, with the intention of reducing domestic cooking oil prices. With the combined effects of the above-mentioned factors coming into play, the sector recorded a revenue of Rs. 65.4 Bn, with a YoY growth of 80% while delivering a profit after tax of Rs. 11.3 Bn for the concluded year.

In keeping with the global CPO prices, palm kernel prices increased in the year under consideration, consolidating the selling prices of the Oils and

Fats sector. Premium Vegetable Oils Sdn Bhd (PVO), the Malaysian plant expanded its production during the year, aligned with the global demand for confectionery, dairy and bakery products. Meanwhile, mid-stream production utilisation increased to 82%; a nine-percentage point increase over the comparable financial year. Total sales volumes of PVO registered a marginal growth during the year. Consequently, the sector registered a revenue of Rs. 43.1 Bn with a profit after tax of Rs. 384 Mn for the concluded financial year.

The Portfolio and Asset Management sector observed volatile market conditions and mixed investor sentiment during the year. The Colombo Bourse which demonstrated an upward trend throughout the most part of the year, retreated in the final months, amid the deepening economic crisis. Accordingly, the sector's total portfolio growth remained flat at 0.58%, while the discretionary portfolio declined by 4.16%, as the stock performances did not reflect the corporates' earnings growth in the wake of persistent economic uncertainty. As such, the revenue of the sector declined by 28% YoY to stand at Rs. 1.15 Bn while the reported loss after tax for the year was observed at Rs. 578.4 Mn upon incorporating fair value losses of Rs. 1.8 Bn.

The reduced spending power of corporates amid ongoing macro-economic pressures continued to curb the overall demand for office space, impacting the occupancy rates of the Real Estate sector during the year. However, in line with the premiumisation of the Colombo property market, the sector recognised Rs. 418 Mn worth of fair value gains on its investment properties. For the year ended 31st March 2022, revenue and profit after tax of the sector was at Rs. 249.8 Mn and Rs. 446.7 Mn respectively.

The effectively crippled tourism sector and the COVID-19 lockdowns impeded the revenue growth of the Leisure sector during the year. However, our hotels enacted various pragmatic measures to enhance value additions and secure revenue from the domestic market while the established cost rationalisation programmes enabled the sector to extract further efficiencies. Accordingly, the sector recorded a revenue of Rs. 386.1 Mn while loss for the year was at Rs. 128.1 Mn.

Despite the challenges, we, as a Group continued to live up to our commitment to shape a sustainable future by focusing on our Environmental, Social and Governance (ESG) priorities. This topic is elaborated in detail in the relevant chapters in this Annual Report.

## Chairman's Statement

### CLOSING REMARKS

As we move forward, the unfolding economic turbulence will significantly challenge our near-term operations, particularly with respect to substantial impacts from exceptionally high inflation rates, lower disposable incomes, supply chain roadblocks and heightening uncertainty, both on a political and economic front. From a long-term viewpoint, concerted policy action will be of paramount importance to revitalise the nation's economy and business climate. Meanwhile, we shall strive to steer through the treacherous economic waters by executing dynamic and responsive business strategies while acting prudently at all times. I am confident that these actions, combined with our core strengths of value-driven focus, strong capital base, diversified Group strength and the enterprising spirit of our employees will enable us to reach new heights of success in the days to come.

In conclusion, I would like to thank all members of Board Committees, management teams, valued employees, business partners and other stakeholders for the unstinting commitment and dedication demonstrated throughout the year. Most importantly, I would like to extend my sincere gratitude to all our shareholders for your continuing support towards our growth.

(Sgd.)  
Tilak De Zoysa  
Chairman

20th July 2022  
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 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 holds a Bachelor's Degree in Commerce.

## MANO SELVANATHAN

Mano Selvanathan is the Chairman of Sri Krishna Corporation (Private) Limited 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 'PRAVASI 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 the start up online grocery and household products marketplace, Providore and a Director of Carson Cumberbatch PLC, Bukit Darah PLC and Hemas Manufacturing (Pvt) Ltd. Previously, he was Director & CEO of Ceylon Beverage Holdings PLC & Lion Brewery (Ceylon) PLC, a position he held for 30 years.

He is a Past Chairman of the Ceylon Chamber of Commerce and of the Employers Federation of Ceylon.

## Directors' Profile

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 38 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 Board of Tokyo Cement Company (Lanka) PLC.

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] since March 2019.

Sharada focuses on the Human Resources and Corporate Strategy functions of CCPLC's oil palm arm, Goodhope Asia Holdings Ltd. [Goodhope]. 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 differences. She is currently a Trustee of an education-focused trust that provides a platform for students to reach their potential through alternative learning methods.

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

## M M MURUGAPPAN

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

Mr. Yew Huat Ong is an Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Nominating Committee of Singapore Power Ltd. and Capitaland Group Pte Ltd. He is a Director of Singapore Mediation Centre.

Mr. Ong chaired United Overseas Bank Malaysia Bhd till 2018 and he was Chairman of the Tax Academy of Singapore. He has served as Independent Director of United Overseas Bank Ltd., 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.

## KRISHNA SELVANATHAN

– Alternate 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 to Mr. D. C. R. Gunawardena

Joined Carson Cumberbatch in 2019, focusing on the Group's beverage businesses. Prior to this, he was a partner at JNE Partners LLP and a senior member of the investment team at MSD Capital, investing in equities and distressed debt. From 2000 to 2006, he served in various roles at Lone Star Funds and Lehman Brothers.

# 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 (discontinued operation)  
• 1986\* • 100%

## BEVERAGE

- Ceylon Beverage Holdings PLC  
• 1910\* • 75.62%
- Lion Brewery (Ceylon) PLC  
• 1996\* • 59.61%
- 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\* • 65.29%
- 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\* • 98.99%
- 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
- .....

# Management Discussion & Analysis

## – Sector Reviews



### BEVERAGE

The export business of the sector witnessed another phase of growth, with overall volumes expanding by 46%

#### BUSINESS CONTEXT

The Beverage sector experienced a challenging year in terms of revenue expansion in the domestic context. Due to the COVID-19 pandemic, the country was closed for a total of 52 days, during the periods spanning May to June and August to September, which led to a complete halt in the sector's operations. During this period, liquor outlets remained closed, resulting in zero sales.

Additionally, the economic downturn and the reduction in tourism experienced by the country posed further challenges to the revenue growth and operations of the sector. Due to the shortfall of US dollars, the sector encountered numerous difficulties with respect to the purchase of raw materials. Prices of all inputs increased significantly in line with the increases in commodity prices, driven by multiple factors. For instance, the short supply of foreign currency augmented the prices of imported raw materials. Furthermore, the prices of aluminium increased due to the emergence of geopolitical conflicts in Europe, resulting in a significant increase in the price of cans. Meanwhile, global freight rates too increased, driven by pandemic-related impacts and the geopolitical concerns in Europe. The increase in freight rates were further exacerbated by the reduced

vessel movement in the Colombo Port. In addition, the sudden ban on importing chemical fertiliser led to a significant decline in crop yield, resulting in price hikes driven by restrictions of supply.

The foreign currency shortage in the market evoked uncertainties in the supply chain, where the sector was compelled to operate with increased inventory levels as safety stocks. Moreover, the shortage of essential commodities in the country created additional operational barriers for the sector during the year under consideration. Due to the aforementioned reasons, the profitability of the sector was significantly challenged. The increase in raw materials prices and other costs compelled the sector to revise the prices in its product portfolio in order to regain lost margins.

#### KEY HIGHLIGHTS

Despite the anomalies in the domestic market, the export business of the sector witnessed another phase of growth, with the overall volumes expanding by 46% against the financial year 2020/21. At present, the Lion brand has established a presence in over 26 countries with increased volume contributions from Africa and the Middle East. Lion Beer remains the leader in the Maldives

with availability in over 110 resorts and yachts. The export business indicates significant potential for further growth. In view of this, the sector will focus on the appointment of distributors and business partners to distribute and market Lion Beer in other potential export markets also, going forward.

With respect to major capital commitments, the Beverage sector continued to invest in enhancing the capacity of its production facility during the year under review. These investments are based on emerging capacity and marketing needs, with a greater focus on new technology and efficiencies.

#### FINANCIAL PERFORMANCE

On a revenue of Rs. 60.4 Bn, the Beverage sector achieved a profit after tax of Rs. 3.8 Bn. The total segmental assets as at 31st March 2022 stood at Rs. 42.6 Bn.

#### FUTURE OUTLOOK

Despite the immediate operational challenges, the sector is well-poised for long term growth with its renowned product portfolio, advanced manufacturing technologies, capacity enhancements, strong balance sheet and the competitive talent base it possesses.



## OIL PALM PLANTATIONS

The sector was able to notably increase its CPO production to 363,034 Metric Tonnes, which was the highest CPO production achieved for the past 10-year period

### BUSINESS CONTEXT

During the financial year under review, the Oil Palm Plantations segment achieved a strong operational performance. Global Crude Palm Oil (CPO) prices witnessed an upsurge during the year under review where the average monthly CPO price increased by 62% YoY to reach MYR 4,961 from the MYR 3,065 observed in the 2020/21 financial year. The highest price was recorded in March 2022, at MYR 6,870. The price hike in CPO was determined by several factors including the shortage of workers in Malaysian palm estates, Indonesia's B30 biodiesel purchasing programme, the Russian-Ukraine war, La-Niña wet-weather impact to Indonesian plantation operations in crop harvesting and transport and the upsurge in Crude Petroleum prices.

During the year, the sector's total internal Fresh Fruit Bunch (FFB) production reduced to 1.15 Mn Metric Tonnes due to the secondary impacts from the 2019 droughts and wet-weather conditions observed during the year. However, the sector was able to notably increase its CPO production to 363,034 Metric Tonnes, which was the highest CPO production achieved for the past 10-year period supported by external crop purchases.

The sector's Average Selling Price (ASP) achieved for CPO was positively

impacted by the upturn in CPO prices and the increased sale of sustainable premium oil, as the sector directed its efforts towards improving its revenue from Roundtable of Sustainable Palm Oil (RSPO) certified premiums. However, the ASP of the Oil Palm Plantations sector was negatively impacted by the higher duties enforced in Indonesia along with the unexpected drop in CPO market prices in February 2022, consequent to the introduction of a Domestic Market Obligation in Indonesia. The Domestic Market Obligation was imposed to restrict CPO exports, with a view to lowering domestic cooking oil prices within the country.

The sector's targeted strategies of commissioning the CPO mills at all plantation locations as well as its aggressive external crop purchasing practices benefited its operations in the 2021/22 financial year, with increased crop levels being processed at its mills facilitating higher profit margins. During the year, the mills were further optimised to support increased internal and external crop production in the future.

### KEY HIGHLIGHTS

In addition to the 10-year high achievement in the CPO production, the sector was able to accomplish operational efficiencies even amid an

inflationary environment, while executing the planned fertiliser application at its mature plantation locations. The Nabire bulking station continued to progress, and the marketing team expanded its buyer list for CPO sales, achieving a more diversified customer base.

### FINANCIAL PERFORMANCE

On a revenue of Rs. 65.4 Bn, the Oil Palm Plantations sector achieved a profit after tax of Rs. 11.3 Bn. The total segmental assets as at 31st March 2022 stood at Rs. 175.3 Bn.

### FUTURE OUTLOOK

The future strategies of the Oil Palm Plantations sector will be centred on achieving increased CPO volumes from newly matured plantations in West Kalimantan and Papua, increasing external crop purchases, improving mill utilisation levels, enhancing internal cost efficiencies and realising improved premiums from certified CPO. The sector is also expected to commission its first bio-gas project and implement further action with respect to its sustainability framework. Moreover, the Oil Palm Plantations sector will seek to increase its small holder plasma planted area and engage with surrounding communities at its respective locations.

## Management Discussion & Analysis – Sector Reviews



### OILS AND FATS

Premium Vegetable Oils Sdn Bhd, the Malaysian plant increased its production to cater to the improved demand experienced during the year

#### BUSINESS CONTEXT

Reflecting the uptrend in CPO prices, the average monthly price of palm kernel which is the main feed stock of the Oils and Fats segment, increased by 83% YoY to reach MYR 3,403/MT during the period under review. As the global demand for chocolate, ice cream, confectionery and bakery products recovered from pandemic levels, Premium Vegetable Oils Sdn Bhd (PVO), the Malaysian plant increased its production to cater to the improved demand experienced during the year. As a result, the mid-stream production plant utilisation increased to 82% whilst PVO's total sales volume observed a marginal increase during the year. In addition, the Oils and Fats sector continued to achieve cost efficiencies, including the prudent management of gas costs incurred by the PVO plant during the year.

However, the operations of the Indian refining subsidiary Arani Agro Oil (AAO), which caters to the edible vegetable oil market in a few states in South India and Maharashtra, was impacted in the year due to the spread of COVID-19 in the first half of the financial year and India's multiple tax policy changes relating to the importation of crude palm oil.

#### FINANCIAL PERFORMANCE

On a revenue of Rs. 43.1 Bn, the Oils and Fats sector achieved a profit after tax of Rs. 384.1 Mn. The total segmental assets as at 31st March 2022 stood at Rs. 31.5 Bn.

#### FUTURE OUTLOOK

Going forward, PVO will focus on expanding investments in plant capacity, strengthening the sales team, moving closer to customer locations, leveraging on its strong coverage in the Middle East and building on Research and Development products with technical marketing support to tie up with customers by establishing long-term relationships.

The sector's associate investment, Premium Fats Sdn Bhd (The margarine production plant) is currently in the process of further developing its products and markets in collaboration with its joint venture partner J-Oil Mills Inc. of Japan.



## PORTFOLIO AND ASSET MANAGEMENT

The sector will continue to take proactive investment decisions while following its successful long-term investment philosophy of fundamental driven investing

### GUARDIAN GROUP PORTFOLIO PERFORMANCE

Description	As at			31/03/2022 (Dividend- adjusted)	Dividend- adjusted performance
	31/03/2022	31/03/2021	Change %		
Discretionary portfolio (Rs. '000)*	12,254,381	12,954,877	(5.41%)	12,415,964	(4.16%)
Total Portfolio (Rs. '000)*	19,647,919	19,694,391	(0.24%)	19,809,502	0.58%
ASPI (Points)	8,904	7,121	25.03%		25.03%
S&P 20 (Points)	3,031	2,850	6.35%		6.35%

\*After the addition of the total cash outflow from the distribution of dividends

### BUSINESS CONTEXT

The Portfolio and Asset Management sector experienced a volatile market backdrop caused by the COVID-19 pandemic and the economic crisis that the country experienced during the year. Consequently, the operating context of the business remained challenging, impacted by high inflationary pressures and rising operational costs, alongside other operational disruptions arising from a shortage of essential items.

The Colombo Stock Exchange (CSE) which demonstrated a positive sentiment at the start of the financial year, experienced a correction towards its closure. The All Share Price Index (ASPI) and the S&P SL20 Index closed the year with gains of 25.03% and 6.35% respectively. However, the positive movement in the indices was not broad-based due to mixed investor sentiment, as investors exercised increased caution in view of the looming economic crisis.

Despite the strong rally observed in selective equities of the CSE during the initial nine months of the year, the sector focused on equities having sustainable business models and attractive pricing and hence, the sector's portfolio was not exposed to significant volatility. Accordingly, the discretionary portfolio of the sector

declined by 4.16% (dividend adjusted performance) to close the 2021/22 financial year at Rs. 12.25 Bn while the total portfolio inclusive of the strategic interest in Bukit Darah PLC increased by 0.58% to Rs. 19.65 Bn.

### KEY HIGHLIGHTS

In October 2021, the sector disposed its entire stake in Guardian Capital Partners, following its decision to eliminate the requirement for a dedicated fund for the private equity business. With the conclusion of this transaction, the Portfolio and Asset Management sector is now equipped to dedicate a greater focus towards its core strategy of growing the portfolio through both listed equity and fixed income.

During the fourth quarter of the financial year 2021/22, both Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC completed a share repurchase exercise at net asset values prevailing at the time of the buy-backs. As the share prices of these companies were trading at significant discounts to their net asset values, the repurchase provided an opportunity for shareholders to realise the intrinsic value for a portion of their investment, and thereby minimise the gap between the market price per share and the net asset value of these respective shares.

### FINANCIAL PERFORMANCE

On a revenue of Rs. 1.15 Bn, the Portfolio and Asset Management sector recorded a loss after tax of Rs. 578.4 Mn. The total segmental assets as at 31st March 2022, stood at Rs. 20.1 Bn. The negative financial performance was as a result of the loss of Rs. 1.8 Bn from fair value through profit or loss financial assets, due to the downward movement in the equity market.

### FUTURE OUTLOOK

The recovery of the Sri Lankan economy will depend on the success of the IMF negotiations to facilitate debt restructuring along with the implementation of proactive fiscal and monetary policies. Furthermore, business conditions and corporate earnings growth remain crippled by the nation's present economic vulnerabilities. Against this challenging backdrop, the sector will continue to take proactive investment decisions while following its successful long-term investment philosophy of fundamental driven investing.

## Management Discussion & Analysis – Sector Reviews



### LEISURE

Against the subdued market conditions, our hotels continued to introduce extremely flexible and differentiated offerings across diverse business segments

#### BUSINESS CONTEXT

The Leisure sector of the Group continued to be heavily affected by the repercussions of the pandemic, during the concluded financial year. Despite the airport opening for tourists on the 21st of January 2021, Sri Lanka's tourism-related activities were considerably impacted due to the re-emergence of COVID-19 infections, thereby warranting intermittent lockdowns. Accordingly, total tourist arrivals to the country in the calendar year 2021 remarkably subdued in the first nine months of the 2021/22 financial year. However, the final quarter of the financial year was characterised by improved tourist traffic due to positive travel sentiment and relaxed travel restrictions following a successful national COVID-19 vaccine rollout. However, the outbreak of the Russia-Ukraine conflict and economic crisis in Sri Lanka weakened the prospects of the tourism sector yet again.

In 2021/22 financial year, both Pegasus Reef Hotel and Giritale Hotel focused on maximising revenues from the domestic market given the stagnation of foreign markets. However, the country's rising COVID-19 infections hindered the sector's such strategies also to a considerable degree. For five months from 19th May 2021 to 15th October 2021, Pegasus Reef Hotel was converted into an Intermediate Care Centre (ICC) for Asiri Central Hospital. Following the containment of the nation's COVID-19 infection rate, Pegasus Reef Hotel resumed normal hotel operations from 01st November 2021 onwards. Operations of Giritale Hotel were suspended nearly for two months due to inter-provincial travel restrictions and the quarantine curfew imposed in the country.

Consequently, Pegasus Reef Hotel and Giritale Hotel achieved an average occupancy of 33% and 28% respectively in the year under consideration. Against the subdued market conditions, our hotels continued to introduce extremely flexible and differentiated offerings across diverse business segments.

#### FINANCIAL PERFORMANCE

On a revenue of Rs. 386.1 Mn, the Leisure sector recorded a loss after tax of Rs. 128.1 Mn. The total segmental assets as at 31st March 2022, stood at Rs. 2.9 Bn.

#### FUTURE OUTLOOK

The revival of the economy and the tourism industry with supportive swift policy action would be fundamental to restore the demand growth of the local hospitality sector in the upcoming period. In the present challenging circumstances, the sector will continue to pursue flexible business strategies and broaden its customer base to reach attractive new customer niches, whilst practicing strong operational discipline.



## REAL ESTATE

The valuation of the sector's investment properties as at 31st March 2022 resulted in a fair value gain of Rs. 418 Mn

### BUSINESS CONTEXT

The drop witnessed in the market absorption rates of commercial properties following the advent of COVID-19 pandemic saw signs of recovery in the 2021/22 fiscal year. However, macro-economic pressures and the resultant limitations to corporate discretionary spending curtailed the immediate demand for office premises during the year. Furthermore, the recent influx of major office spaces in the market continued to pressurise overall market vacancy rates. In addition, mounting inflationary pressures have created further challenges for the sector in terms of cost escalations of repairs and maintenance, increasing asset replacement costs and increased operational costs.

Due to the afore-mentioned reasons, the average occupancy of the investment properties of the sector declined to 69% in the 2021/22 financial year from 71% in the 2020/21 financial year. Despite the decline in occupancy, the sector witnessed upward rental rate revisions during the year under review, in comparison to the discounts offered to tenants in view of the COVID-19 pandemic in the previous year.

On a revenue of Rs. 249.8 Mn, the Real Estate sector achieved a profit after tax of Rs. 446.7 Mn. The total segmental assets as at 31st March 2022 stood at Rs. 5.6 Bn. The valuation of the sector's investment properties as at 31st March 2022 resulted in a fair value gain of Rs. 418 Mn, compared to Rs. 61.3 Mn recognised in the last year, thereby augmenting the profit after tax of the year under review.

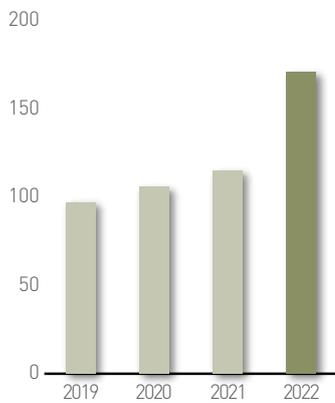
### FUTURE OUTLOOK

With deteriorating economic conditions, eroding business confidence, the fight for liquidity over yields to stay afloat, tightening margins and rising interest costs, the demand for upgrades or expansion of business premises is likely to remain low in the upcoming period, challenging the occupancy growth of the Real Estate sector of the Group. However, the premium-location value proposition will continue to bear fruits for the sector, going forward.

## Management Discussion & Analysis – Graphical Financial Review

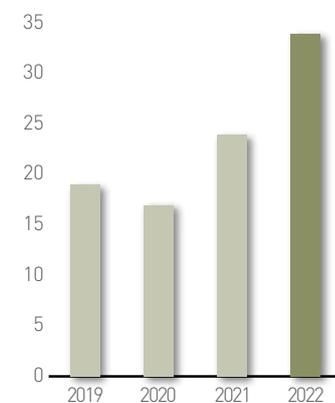
### Revenue

Rs.Bn



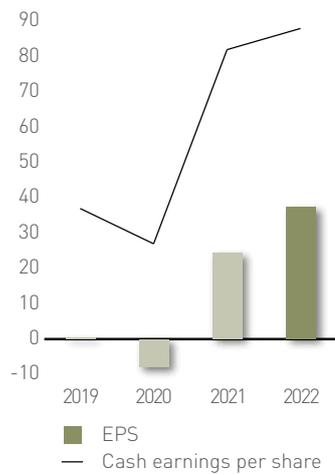
### EBITDA

Rs.Bn



### Earnings per share vs Cash earnings per share

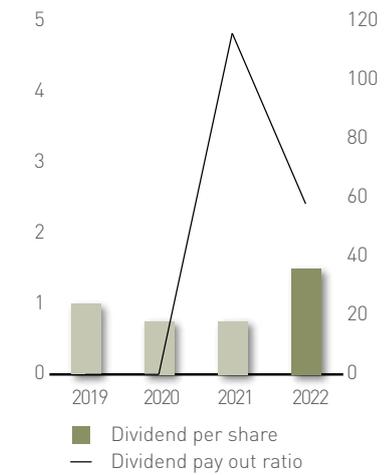
Rs.



### Dividend per share vs Dividend pay out ratio

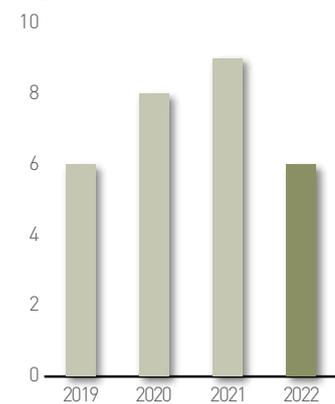
Rs.

%



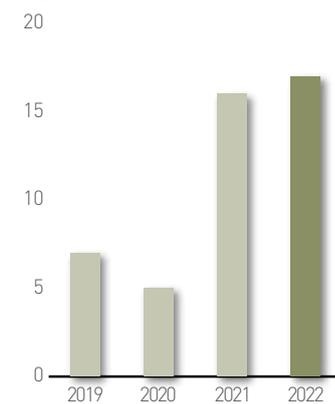
### Capital Expenditure

Rs.Bn

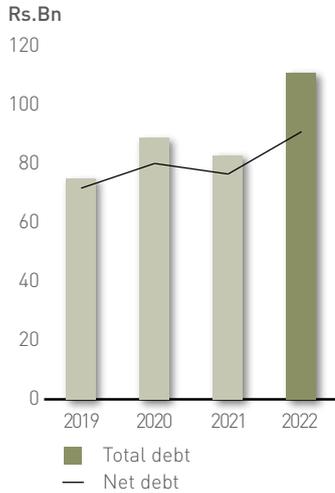


### Operating Cash Flow

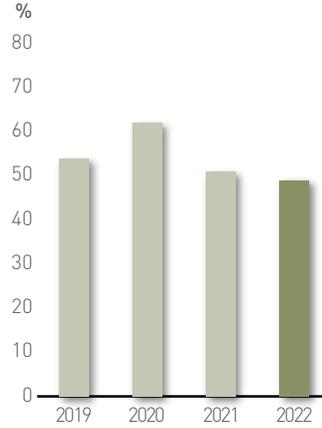
Rs.Bn



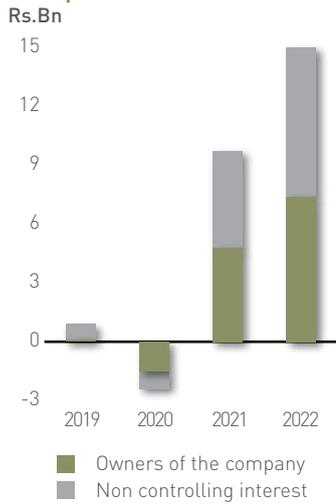
### Total debt vs Net debt



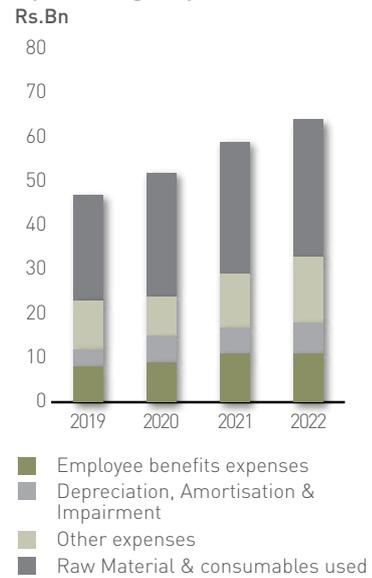
### Gearing ratio



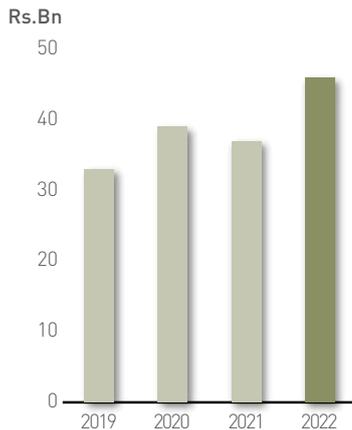
### Net profit distribution



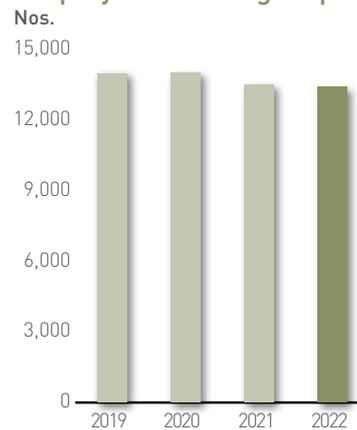
### Analysis of Group operating expenses



### Taxation paid to the Government of Sri Lanka



### Employees of the group



## Management Discussion & Analysis – Financial Review

### INTRODUCTION

The 2021/22 financial year continued to be very challenging for business expansion. The first half of the year saw growth slowing across most business sectors due to the resurgence of COVID-19 infections and mandatory lockdowns. However, COVID-19 infection rates and fatalities reduced in the second half of the year, due to the effectiveness of global and local vaccination programmes. Global economies recovered at a slow pace in the post-pandemic world, as trade and supply chain activities were impeded for the most part of the year. The commodity markets across the globe witnessed an uptick throughout the year, whilst the onset of geopolitical conflicts in Europe further upheld the global commodity prices. Consequently, the impacts of high inflation and interest rates cascaded through the global economy.

The Sri Lankan economy remained fragile during the year, reflecting the effects of the pandemic and the global economic slowdown. The continuing decline in tourism, low worker remittances, widened trade deficits, inflationary pressures and poor fiscal mismanagement set the stage for the outset of a foreign exchange crisis within the country. The incoherent exchange rate policies implemented to withstand the reduction in foreign reserves compounded the inflationary trend towards the latter part of the year, while the short supply of foreign currency elicited a range of economic complexities, including the scarcity of essential goods and rigid import regulations among many others.

### REVENUE

In the 2021/22 financial year, the Group achieved a revenue of Rs. 170.7 Bn, indicating a significant improvement of 49% over the previous year. The Oil Palm Plantations segment emerged

Global Crude Palm Oil (CPO) prices demonstrated a positive trend during the year under review, where the Average monthly CPO price as indicated in the Bursa Malaysia increased by 62% YoY to MYR 4,961 from MYR 3,065.

as the highest contributor to Group revenue, with a contribution of 38%. As such, the sector's revenue amounted to USD 311 Mn, translating to Rs. 65.4 Bn for the year. This increase of 80% over the corresponding year was a result of the exchange rate benefit on translation to reporting currency as well as the upturns indicated in the average CPO sales price and CPO sales volumes.

Global Crude Palm Oil (CPO) prices demonstrated a positive trend during the year under review, where the Average monthly CPO price as indicated in the Bursa Malaysia increased by 62% YoY to MYR 4,961 from MYR 3,065. The reasons for the CPO price increase were manifold, including supply constraints in Malaysian palm estates, Indonesia's B30 biodiesel purchasing programme, the impact of La Niña weather to the Indonesian plantation operations and elevated crude oil prices. Accordingly, the sector achieved an increased Average Selling Price (ASP) during the year, which was further supported by the sale of sustainable premium oil, driven by an enhanced focus on improving revenue from RSPO certified premiums. However, the ASP was negatively impacted by the higher duties enforced in Indonesia and the introduction of a Domestic Market Obligation in Indonesia in February 2022, in an attempt to reduce local cooking oil prices.

During the year under consideration, the sector's total internal Fresh Fruit Bunch (FFB) production decreased to 1.15 Mn Metric Tonnes (MT), due to adverse weather conditions and

secondary impacts from the 2019 droughts. Nevertheless, the strategy of active external crop purchasing enabled the sector to increase its CPO production for the period to 363,034 MT - the highest CPO production achieved over the past ten years. Accordingly, the sector managed to improve its sales volumes during the year, supported by a high oil extraction rate.

The Beverage segment was the second highest contributor to Group revenue with a contribution of 35%, where the revenue from the segment increased by 18% YoY to reach Rs. 60.4 Bn from the Rs. 51.2 Bn recorded in the 2020/21 financial year. The sector was significantly impacted by the closure of the country for 52 days, from May to June and August to September, in which period no local sales were possible. Furthermore, the sharp decline in the tourism industry created a vacuum for local market volume growth during the year. Despite these dynamics, the export business achieved significant progress, recording a volume growth of 46% over the corresponding year. Excise duties were revised upwards in November 2021 where relative to the previous tax structure, the tax increase for mild beer was moderate, while strong beer was taxed at a higher rate. These excise duties, combined with the price revisions subsequent to cost increases experienced in the operating environment consolidated the revenue increase of the sector, during the year.

The Oils and Fats segment's revenue noted an increase of 71% YoY to reach Rs. 43.1 Bn (USD 211 Mn), with an

overall contribution of 25% to Group revenue. Eliminating the effects of currency translation impact, the USD revenue growth of the sector expanded by 57% YoY. Revenue of the segment reflected the positive trend in palm kernel prices in the market, in tandem with the increased CPO prices. During the 2021/22 financial year, the mid-stream production plant utilisation increased to reach 82%, while sales volumes observed a marginal increase due to a post-pandemic surge in demand for confectionery and bakery products.

Revenue of the Portfolio and Asset Management segment of the Group saw a reduction of 28% YoY to reach Rs. 1.2 Bn due to the decrease in realised gains on the disposal of equity

and debt securities in its portfolio. The All Share Price Index (ASPI), which indicated a positive momentum for most part of the year, was seen declining towards the final months in line with the impact of the economic crisis. Accordingly, the ASPI closed the year with a gain of 25.03% while the S&P SL20 Index gained by 6.35%. Due to extremely volatile and uncertain economic context, a majority of the share prices of the stocks within the segment's discretionary core portfolio did not accurately reflect the fundamentals of the respective companies. Hence, the sector's actively managed discretionary portfolio recorded a decline of 4.16% for the year, after adjusting for dividend payments to shareholders.

The Leisure sector continued to be affected by travel restrictions and the long-term pandemic-induced effects on the hard-hit tourism sector. However, the sector focused on improving revenues through new avenues and value additions to its diverse market base, which strengthened its revenue by 95% YoY to reach Rs. 386.1 Mn. Moving on to Real Estate, reduced corporate spending after the pandemic and a weakened economic backdrop continued to affect the occupancy growth of commercial properties. Therefore, at an average occupancy of 69%, the sector reported a revenue of Rs. 249.8 Mn, indicating a 2% decline from the previous year.

Revenue - Rs. 000	FY 2021/22	% Contribution	FY 2020/21	% Contribution	% Change
Investment Holdings and Management Services	34,880	0.01%	70,609	0.06%	(50.60%)
Portfolio and Asset Management	1,155,110	0.68%	1,594,228	1.39%	(27.54%)
Oil Palm Plantations	65,414,283	38.32%	36,273,747	31.59%	80.34%
Oils and Fats	43,093,255	25.25%	25,271,747	22.01%	70.52%
Beverage	60,361,243	35.36%	51,172,154	44.56%	17.96%
Real Estate	249,779	0.15%	255,483	0.22%	(2.23%)
Leisure	386,075	0.23%	197,879	0.17%	95.11%
<b>Group</b>	<b>170,694,625</b>	<b>100.00%</b>	<b>114,835,847</b>	<b>100.00%</b>	<b>48.64%</b>

## OPERATING PROFIT

Direct operating expenses increased at a similar pace to that of revenue during the year, factoring in the volume growth as well as cost inflation observed in the markets. Accordingly, the Group recorded an increase of Rs. 14.3 Bn in gross profit for the year, which reached Rs. 45.1 Bn.

In the 2021/22 financial year, the Group's operating profit before net finance cost reached Rs. 28.9 Bn. The rise in operating profits was largely derived from several significant non-cash items pertaining to fair value movements and currency movements during the year. Accordingly, the fair value gains from biological assets

increased by Rs. 2.8 Bn YoY while the fair value gains pertaining to investment property increased by Rs. 516 Mn YoY during the year. However, the downward fair value adjustments pertaining to fair value through profit or loss of financial assets amounted to Rs. 1.8 Bn, compared with fair value gains of Rs. 1.9 Bn recorded in the preceding year. Similarly, the gains from foreign exchange reduced by 48% YoY to reach Rs. 957 Mn. Meanwhile, total impairment charges and write-offs of business assets was at Rs. 1.1 Bn, an increase of 77% over the comparable financial year. As a result, the Group's operating profit before net finance cost witnessed a relatively low YoY increase of 41%, in contrast to the 46% increase in gross profit during the year.

The highest contribution to the operating profit of the Group during the year was from the Oil Palm Plantations segment, with an overall contribution of 76%. In addition to the revenue increase and cost management due to improved crop processing in the Oil Palm Plantations segment, gains from fair value movements of biological assets amounting to Rs. 3.3 Bn augmented the sector's operating profit growth during the concluded year. The sector observed foreign exchange gains worth Rs. 273.9 Mn during the period under review, which were 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 the

## Management Discussion & Analysis – Financial Review

2021/22 financial year. The closing exchange rate of IDR against USD as at 31st March 2022, was IDR 14,349, which was a marginal appreciation of 1.5% relative to the prior year's closing rate of IDR 14,572.

At Rs. 6.3 Bn, the Beverage segment contributed towards 22% of the Group's operating profit in the year under review, indicating an increase of Rs. 1.4 Bn over the comparable period. In addition to the revenue growth, the sector's operating profit growth was also complemented by foreign exchange gains worth Rs. 607.4 Mn, consequent to the appreciation of US Dollar against the Sri Lankan rupee in the FY2021/22. Further, the sector recognised Rs. 160.2 Mn in fair value gains from its investment properties, whereas such gains were absent in the year 2020/21. However, the sector's operating profit was weighed down by impairment provisions of Rs. 463.6 Mn on account of its acquired Millers Brewery brands. Furthermore, the rising input cost and operational expenses amid market adversities were detrimental to the sector's margin growth in the year under consideration.

With a contribution of 4%, the operating profit of the Oils and Fats segment stood at Rs. 1.1 Bn, improving by 16% from the comparable year's Rs. 934.5 Mn. In addition to the expanded top-line and extracted cost efficiencies, the sector recorded foreign exchange gains amounting to Rs. 152.3 Mn in the year under review.

The Portfolio and Asset Management segment recorded an operating loss of Rs. 833.5 Mn, relative to an operating profit of Rs. 3.3 Bn in the 2020/21 financial year. The operating profitability of the sector during the year was impacted from the loss of Rs. 1.8 Bn from fair value through the profit or loss of financial assets consequent to the volatile effects of the equity market during the year.

The Real Estate segment contributed Rs. 578.3 Mn towards the Group's overall operating profit. Despite the marginal reduction in its revenue, the sector's operational profit improved by 146% relative to the corresponding year, as the sector booked a fair valuation gain on investment properties of Rs. 418 Mn, reflecting the increase in value of Colombo real estate, as

opposed to the gains of Rs. 61.3 Mn evident in the year 2020/21.

Meanwhile, the Leisure segment recorded an operating loss of Rs. 136.8 Mn for the year, in comparison to the previous year's operating loss of Rs. 206.1 Mn. The current year's operating loss is principally an outcome of the distressed market conditions discussed in this report.

In addition to the aforementioned items, the Group's operating profit was impacted by the increase in total administrative expenses and the distribution of expenses during the year, which increased by 29% and 17% over the corresponding year. The increases specified above were driven by the top-line, as well as increased operational costs of the business segments due to rising inflationary pressures. The other operating expenses of the Group denoted an increase of 75% YoY to reach Rs. 1 Bn from the Rs. 580 Mn recorded in the 2020/21 financial year, primarily due to recognition of Rs. 341.4 Mn unrealised fair value losses on the RCPS derivative financial instruments.

Operating Profit / (Loss) before net finance cost - Rs. 000	FY 2021/22	% Contribution	FY 2020/21	% Contribution	% Change
Investment Holdings and Management Services	(133,136)	(0.47%)	(47,895)	(0.24%)	177.97%
Portfolio and Asset Management	(833,490)	(2.88%)	3,266,614	15.96%	(125.52%)
Oil Palm Plantations	22,033,052	76.19%	11,366,176	55.54%	93.85%
Oils and Fats	1,087,379	3.76%	934,499	4.57%	16.36%
Beverage	6,323,607	21.87%	4,916,663	24.03%	28.62%
Real Estate	578,303	2.00%	234,757	1.15%	146.34%
Leisure	(136,808)	(0.47%)	(206,112)	(1.01%)	(33.62%)
<b>Group</b>	<b>28,918,907</b>	<b>100.00%</b>	<b>20,464,702</b>	<b>100.00%</b>	<b>41.31%</b>

## NET DEBT AND NET FINANCE EXPENSES

During the concluded financial year, the Group was able to significantly strengthen the cash position of its Sri Lankan business segments. Accordingly, the local businesses managed to achieve a combined net cash position of Rs. 9 Bn compared to Rs. 5.3 Bn in the previous year, which is remarkable amidst the precarious earning conditions faced by the respective businesses. However, the local net cash position was impacted by the 69% YoY increase in net borrowings of the Leisure sector due to lacklustre industry conditions.

Total borrowings of the overseas operations of Oil Palm Plantations and Oils and Fats too decreased by 5% YoY in terms of the functional currency to reach USD 342 Mn from USD 359 Mn, whilst the aggregate net borrowings from foreign operations in USD terms reduced by 15% YoY. However, the

The Group was able to significantly strengthen the cash position of its Sri Lankan business segments. Total borrowings of the overseas operations of Oil Palm Plantations and Oils and Fats too decreased by 5% YoY in terms of the functional currency.

aggregate net borrowings from foreign operations increased by 25% YoY in reporting currency (LKR) terms, to reach Rs. 83.2 Bn, mirroring the sharp depreciation of LKR against USD during the year.

Despite the challenges, the Beverage segment managed to significantly improve its net cash position to Rs. 5.2 Bn from Rs. 2 Bn in the corresponding year, with a strong operational performance. Accordingly, net finance expenses of the segment decreased by 31% YoY, to Rs. 438.4 Mn.

As at 31st March 2022, the Group's total net debt stood at Rs. 76 Bn, an increase of 21% over the previous year, while the consolidated net finance expenses for the year increased by 6% over FY2020/21, to reach Rs. 6.5 Bn.

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 4.4 times this year, from 3.3 times in the preceding financial year.

Net debt/(cash) - Rs. 000	FY 2021/22	% Contribution	FY 2020/21	% Contribution	% Change in Net debt
Investment Holdings and Management Services	1,822,410	2.40%	1,802,162	2.88%	1.12%
Portfolio and Asset Management	(3,665,872)	(4.82%)	(3,061,572)	(4.88%)	19.74%
Oil Palm Plantations	70,941,456	93.34%	56,219,581	89.59%	26.19%
Oils and Fats	12,242,425	16.11%	10,080,715	16.06%	21.44%
Beverage	(5,233,005)	(6.89%)	(2,017,675)	(3.22%)	159.36%
Real Estate	(303,652)	(0.40%)	(388,730)	(0.62%)	(21.89%)
Leisure	200,298	0.26%	118,611	0.19%	68.87%
<b>Group</b>	<b>76,004,060</b>	<b>100.00%</b>	<b>62,753,092</b>	<b>100.00%</b>	<b>21.12%</b>

## Management Discussion & Analysis – Financial Review

### CORE EARNINGS

At a Group level, in the 2021/22 financial year, Carson Cumberbatch PLC recorded a Profit Before Tax (PBT) of Rs. 22.4 Bn in comparison to a PBT Rs. 14.3 Bn reported during the 2020/21 financial year. In addition to the top-line growth, the above mentioned profit was contributed by the fair value adjustments and foreign exchange gains reported during the year. Accordingly, a comparison between the reported PBT and the core earnings of the Group is given below.

Carson Cumberbatch PLC recorded a Profit Before Tax (PBT) of Rs. 22.4 Bn in comparison to a PBT Rs. 14.3 Bn reported during the 2020/21 financial year. In addition to the top-line growth, the above mentioned profit was contributed by the fair value adjustments and foreign exchange gains reported during the year.

Core Earnings of the Group (Rs. '000)	FY2021/22	FY2020/21
Profit before tax (PBT)	22,373,161	14,303,789
<b>Adjustments to arrive at the core earnings</b>		
Impairment of business assets	1,076,698	609,342
Foreign exchange (gains)/losses	(957,438)	(1,855,241)
Change in fair value of investment properties	(578,208)	(61,318)
Change in fair value of biological assets	(3,347,692)	(531,357)
Adjusted PBT before FVTPL fair value adjustments	18,566,521	12,465,215
Change in fair value of fair value through profit or loss financial assets	1,775,689	(1,884,201)
Adjusted PBT/core earnings	20,342,210	10,581,014

In the financial year ended 31st March 2022, Carson Cumberbatch PLC reported a profit after tax from continuing operations amounting to Rs. 14.6 Bn, as compared to a profit of Rs. 9.8 Bn reported in the 2020/21 financial year. After accounting for a net gain of Rs. 282.2 Mn from discontinued operations related to the Group's subsidiary companies, Guardian Capital Partners PLC and Arani Agro Oil Industries (Pvt) Ltd, the Group recorded a profit of Rs. 14.9 Bn for the year, versus the profit after tax of Rs. 9.7 Bn in the corresponding period.

During the concluded year, Carson Cumberbatch Group reported foreign currency translation gains amounting to Rs. 21.9 Bn under Other Comprehensive Income as opposed to Rs. 9.6 Bn in the corresponding period. The above foreign currency gains were predominantly driven by the steep depreciation of the

LKR against USD, where the Balance sheet closing rate as at 31st March 2022 was observed at Rs. 293.87 versus Rs. 199.83 as at 31st March 2021.

### CAPITAL EXPENDITURE

Over the past five-years, 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 62% of the consolidated net operating cash flow of the Group for the same period. In the 2021/22 financial year, the Group incurred a capital expenditure of Rs. 7.8 Bn, amounting to 45% of the net operational cash flows of the year.

The Oil Palm Plantations sector saw progress at the Nabire bulking station and the first bio-gas project was initiated in the year under review. Going forward, the sector is set to benefit

from increased CPO volumes from its newly mature plantations in West Kalimantan and Papua. The Beverage sector continued to engage in capacity enhancements within the production facility during the year under review. These investments are based on the emerging capacity and marketing needs with a focus on new technology and efficiencies. Furthermore, the sector increased the investments in terms of IT infrastructure and software, and will continue to broaden investments in infrastructure to expand profit potential in the future.

Over time, our capital commitments are expected to strengthen revenue generation and improve organisational cost-efficiencies. Accordingly, the medium to long-term cash generation potential of the Group is envisaged to improve value delivery to shareholders.

Cash Utilisation (Rs. Mn)	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18	Total
<b>Cash Inflows</b>						
Net Operating Cashflows	17,326	16,106	5,316	7,335	9,160	55,243
Cash Inflows from Investing Activities	2,177	681	451	1,205	592	5,106
Cash Inflows from Financing Activities	60	2,537	50,050	4,076	7,914	64,637
<b>Total Inflows</b>	<b>19,563</b>	<b>19,324</b>	<b>55,817</b>	<b>12,616</b>	<b>17,666</b>	<b>124,986</b>
<b>Cash Outflows</b>						
<b>Investing Activities</b>						
Purchase and construction of Property, Plant and Equipment, biological assets, intangible assets/prepaid lease payments	(7,817)	(7,471)	(7,183)	(5,975)	(5,808)	(34,254)
Other Investing Activities	(324)	(41)	(1,227)	(353)	(1,384)	(3,329)
<b>Total Outflows from Investing Activities</b>	<b>(8,141)</b>	<b>(7,512)</b>	<b>(8,410)</b>	<b>(6,328)</b>	<b>(7,192)</b>	<b>(37,583)</b>
<b>Financing Activities</b>						
Repayment of borrowings, finance lease creditors and net decrease in non-controlling interest	(5,996)	(4,322)	(49,222)	(8,790)	(2,629)	(70,959)
Dividends Paid	(1,322)	(549)	(453)	(454)	(731)	(3,509)
<b>Total Outflows from Financing Activities</b>	<b>(7,318)</b>	<b>(4,871)</b>	<b>(49,675)</b>	<b>(9,244)</b>	<b>(3,360)</b>	<b>(74,468)</b>
<b>Total Cash Outflows</b>	<b>(15,459)</b>	<b>(12,383)</b>	<b>(58,085)</b>	<b>(15,572)</b>	<b>(10,552)</b>	<b>(112,051)</b>
Movement in cash & cash equivalents	4,104	6,941	(2,268)	(2,956)	7,114	12,935
Opening cash & cash equivalents	1,019	(5,922)	(3,654)	(698)	(7,812)	(7,812)
Closing cash & cash equivalents	5,123	1,019	(5,922)	(3,654)	(698)	5,123

The Group's total asset base increased by 43% YoY to stand at Rs. 281 Bn as at the closure of the 2021/22 fiscal year.

By Order of the Board

(Sgd.)

Secretaries

Carsons Management Services (Private) Limited

20th July 2022

# Sustainability Report

## ENVIRONMENTAL SUSTAINABILITY

### CONSERVATION OF NATURAL RESOURCES

#### Oil Palm Plantation Sector

##### Landscape Conservation

In collaboration with its stakeholders and project partners—the PILI Green Network and IDH Sustainable Trade Initiative—Goodhope Asia Holdings established an essential ecosystem area called 'Kawasan Ecosystem Essential' (KEE) across a total of 107,581.66 ha in the Nabire region of Papua, Indonesia. This area spans nine districts and includes habitat for various endemic and endangered species. KEE lies beyond the existing conservation areas and has ecologically important characteristics that support biodiversity and the welfare of local communities.

KEE will be an important part of green economy development in Nabire Regency through the IDH Production, Protection and Inclusion (PPI) approach for sustainable landscape management. This approach aims to increase business productivity (production), forest protection and conservation (protection) and increase farmer and community income (inclusion) in global-scale commodity supply chains.

The proposal supports the mandates of the Ministry of Environment and Forestry to identify areas of high biodiversity. It also supports policies for Green Growth Plans, regional action plans for greenhouse gas mitigation (RAD-GRK) and Provincial Strategy and Action Plans for REDD+ implementation (SRAP REDD+).

Within the KEE, our plantation companies in the Nabire region of Papua are working to support community-based monitoring and management to conserve more than 13,500 ha of forest within and surrounding the Company's oil palm concessions.



Bird of Paradise (*Paradisaea minor*)



The northern common cuscus (*Phalanger orientalis*)



The world's largest tree frog (*Nyctimystes infrafronata*)



Mangrove forest



Mangroves are carbon-rich forests and support numerous ecosystem services

To fulfil these commitments, the companies are implementing a comprehensive programme with the following components:

1. Community-based forest conservation management and monitoring to protect biodiversity and ecosystem services in the project area.
2. Alternative income-generating activities and innovative business models that promote equitable economic development and support conservation efforts.
3. Landscape communication and outreach to promote sustainable development practices and a policy of No Deforestation, No Peat and No Exploitation throughout the landscape.

##### Monitoring and Protecting Biodiversity

Our conservation project in the Nabire region of Papua is working to protect:

- 109 avian species, including Birds of Paradise
- 25 species of reptiles and amphibians
- 16 species of mammals, including Rare, Threatened and Endangered Species such as the Common Cuscus and the Spectacled Bat.
- 225 species of flowering plants

A detailed biodiversity survey in the High Conservation Value (HCV) and High Carbon Stock (HCS) areas of the company's concessions was led by consultants from the PILI-Green Network (Pusat Informasi Lingkungan

Indonesia). The results of the survey were used to create a field manual of biodiversity present in the project area. A community patrol team was formed and this will play an important role in monitoring conservation areas and addressing the risks of forest degradation.

Goodhope Asia Holdings co-organised an online course on conservation management practices, together with its partners, the Environmental Leadership and Training Initiative (ELTI), Tropenbos Indonesia Program (TBI) and Ecotrop. 126 participants attended the course, including representatives from palm oil companies across 15 provinces in Indonesia and representatives from government institutions, NGOs, and universities. During the course, the participants learned about and gained a better understanding of HCV and HCS approaches and the management and monitoring systems needed to effectively conserve HCVs and HCS forest.

### Fire Prevention and Preparedness

Goodhope Asia Holdings has implemented several measures to ensure that there are adequate resources to address the threats of land fires in and around its concessions. An experienced fire expert was hired to provide training and guidance, to strengthen the capacity of the Estate Emergency Response teams and the Community Fire Fighting teams. Further, our plantation companies continue to engage with government agencies and local communities for collaboration in fire preparedness, awareness and response.

In FY2021/22, we developed improved company guidelines on Fire Risk Preparedness and established an enhanced early-warning and fire detection system. Our improved hotspot monitoring system provides a rapid alert to warn fire response teams of



Goodhope is adopting measures to reduce greenhouse gas emissions from its palm oil mills and associated estates

any potential fires in and around the concessions. These efforts prepared us for the effective handling of fires during the dry season of 2021.

### Climate Action Plan

Goodhope Asia Holdings extended the use of the RSPO PalmGHG Calculator (V.4 November 2019) to all its palm oil mills, associated estates and third party FFB suppliers. This provides an estimate of GHG emissions from land-use change, oil palm cultivation and the processing of FFB for palm oil production.

The main purpose of monitoring GHG emissions is to guide GHG reduction opportunities and to measure our progress towards reducing our GHG emissions. In 2021, we made progress towards tackling our emissions through the installation of our first methane capture facility. We also continued to adopt improved systems that facilitate a more efficient use of energy. Such systems help to reduce our energy consumption and reduce the GHG emitted by our operations. Recent efforts towards improving energy efficiency include the installation of highly energy-efficient LED lighting at the palm oil mills and offices and the installation of a new, more fuel-efficient generator at the Terawan Palm Oil Mill.

## Oils And Fats Sector

### Monitoring Greenhouse Gas Emissions

Goodhope Asia also extended its greenhouse gas (GHG) emissions monitoring programme to include its refining and fats processing facilities. We have applied the World Resources Institute (WRI) GHG Protocol to measure emissions under scope 1 and scope 2 of the GHG Protocol.

## Beverage Sector

### Minimising our Carbon Footprint

Over the last five years, Lion Brewery has progressed steadily in its drive towards sustainability. Highlights of these efforts include a 12% reduction in electricity consumption, a 24% reduction in furnace fuel consumption and a 30% reduction in water consumption per unit of product.



Tree planting campaign

## Sustainability Report

As fermentation naturally generates Carbon Dioxide, we were able to improve our collection while also reducing in-house consumption through further process improvements which enhanced saleable CO<sub>2</sub>, allowing us to supply the local CO<sub>2</sub> market with 2,000 MT of CO<sub>2</sub>, as opposed to these requirements being fulfilled through fossil fuels and/or imports.

We also offset our CO<sub>2</sub> emissions through a tree-planting campaign in the vicinity of the Brewery with the participation of our staff, where 176 saplings were planted.

### Leisure Sector

#### Beach Cleaning

Staff of the Leisure sector continued to clean up the public beach area surrounding the Hotel property, as part of their annual CSR initiative. This beach clean-up programme is an ongoing and joint effort of all the departments of the Hotel, which work on a rotational basis for this initiative. Garbage that is washed ashore is also collected by hotel staff and sent for recycling.



Beach cleanup initiative

#### Tree Planting Initiative

To mark Environment Day, management and staff planted tree saplings of local fruit plants—Rambutan and Mango in the hotel premises.



Environment Day tree planting

### Strengthening of Aquatic Biodiversity

Together with the National Aquaculture Development Authority (NAQDA), Giritale Hotel launched an initiative to provide selected local fishermen with tank fish and breeding nets as part of an effort to improve the local fish population. The hotel also continues to engage with local fishermen to provide them with fish feed, to support this initiative.



Distribution of gear to local fishermen

## HEALTH, SAFETY AND ENVIRONMENT

### Oils and Fats Sector

The Oils and Fats Sector has made significant investments into ensuring that safe, efficient and environmentally sound practices are implemented, to protect the health and safety of workers, the local environment and the safety of all products. International and local standards are adopted including Halal, the ISO 9001 Quality Management System; the ISO 22000 Food Safety Management; GMP+ Feed Safety Assurance, the Hazard Analysis Critical Control Point System (HACCP) and the RSPO Supply Chain Certification for Food Industry.

Regular training sessions, assessments and audits drive safety performance improvements and ensure that commitments are continuously fulfilled.



We conduct Indoor Air Quality (IAQ) assessments of work areas, to monitor and evaluate air quality within and around company buildings, in compliance with the Industry Code of Practice on Indoor Air Quality 2010.

### Beverage Sector

The Beverage sector was able to successfully re-certify for Food Safety Management System ISO standards - ISO 22000:2018; Environmental Management Systems ISO standards - ISO 14001:2015 and Occupational Health and Safety Management System ISO 45001:2018 and ISO 27001: 2013.

### Leisure Sector

The health and safety of all internal and external stakeholders of our business is of utmost importance to us. Therefore, Pegasus Reef Hotel successfully re-certified for ISO 22000:2018 Food Safety Management certification.

## CORPORATE SOCIAL RESPONSIBILITY

### OIL PALM PLANTATION SECTOR

We aim to establish and maintain mutually beneficial relationships with the communities in and around our operating locations. As part of these efforts, Goodhope Asia invests in local communities, to support their welfare and wellbeing and to encourage sustainable social and economic development.

#### Community Welfare during the COVID-19 Pandemic

Goodhope Asia continues to support the local communities that live in the areas surrounding its plantations through donations of basic needs. In FY2021/22, a total of 1,600 food packages were donated to local households, to support them through the COVID-19 pandemic. Goodhope donated food packages to support local communities neighbouring our concessions in Central Kalimantan. The provisions were made during this year's Idul Fitri as part of company commitments to corporate citizenship activities.

Goodhope donated basic food supplies to assist communities affected by floods near our concessions in Central Kalimantan.

#### Alternative Income Generating Opportunities

Goodhope Asia continues to invest in programmes that strengthen the capacity of local communities to support sustainable income generating activities. One of the challenges we face is in developing the right programmes. In Nabire, our project partners have used participatory methods to collect information about activities and priorities for community programmes and to explore ideas among the communities. In doing so, prospective programmes are planned through open, constructive, and collaborative discussions with local communities

and other stakeholders. Sustainable fishing and fish farming are among the initiatives supported by the Company.



Fishing is an important means of livelihood for local communities and Goodhope supports sustainable fishing and fish farming as a part of programmes to build income generating activities

#### Traceability and Responsible Sourcing

In FY 2021/22, a total of 1,643,779 MT of fresh fruit bunches (FFB) was received by our palm oil mills: 69.8% of the FFB supplied was cultivated in company owned plantations; 23.7% was sourced from third party suppliers and 6.5% came from scheme smallholders.

The FFB supply from our own estates and scheme smallholders is fully traceable. For third party FFB supply, we have completed the first step of traceability by collecting information on our direct (Tier 1) suppliers. Most are FFB dealers that source from independent smallholders and outgrowers. For each dealer we collect information such as dealer/ramp name, address and coordinate, legality, FFB sourcing area, estimated smallholder supply, and FFB volume sent to mill. We have collected the applicable information for 100% of our direct (Tier 1) suppliers.

To demonstrate full traceability to source, Goodhope Asia engages directly with independent smallholders and outgrowers. During the engagement, we promote the benefits of sustainable land management and supplier requirements for compliance with our Sustainability Policy. Surveys are conducted to acquire the geographical

coordinates of FFB origins and proof of the ownership status or the right/claim to the land by the grower/smallholder.

In 2022, we achieved 100% traceability to source for our palm oil mills in Central Kalimantan. In total, 1972 independent smallholders supplying the Group's plantation companies were surveyed and mapped. This information will guide our approach to further engage and support independent smallholders. We will advise and support them on the use of best management practices to enhance crop productivity and reduce the application of chemicals. In due course, we will facilitate the sustainable certification of smallholders, adopting the relevant approaches and guidelines developed by the RSPO.

#### Education

Online teaching and learning continued until the end of 2021, for each of Goodhope's own schools as well as the community schools supported by the Company. Throughout the online learning period, nearby public facilities were utilised to provide teaching for a limited number of students; those who did not have access to the digital environment or where this access was limited. Extra teaching support through study visits was also provided to help those students who struggled with online learning.

In January 2022, students began to return to schools, in accordance with national regulations. The progressive return to in-class teaching and learning was facilitated by strict adherence to COVID-19 protocols.



Opening of a new Preschool at PT Nabire Baru, Papua

## Sustainability Report

### Awards

The Goodhope Sintang Project of PT Sumber Hasil Prima and PT Sinar Sawit Andalan was honoured to receive the Sintang Regency CSR Award 2021 at the Sintang CSR Award 2021 for the third consecutive year, for its achievement and continuous commitment to supporting areas including stunting reduction, COVID-19 prevention and management, community economic empowerment and infrastructure support.

Item	Expenditure (USD)
Conservation and Environmental Monitoring	192,141
Personal Protective Equipment and Safety Campaign	402,734
Environmental Health and Safety Permit and License	47,734
Certification (RSPO, ISPO, ISO, PROPER, PUP, HAS)	121,112
Fire Prevention and Control	48,175
Education	851,363
Community Investment	230,833
COVID-19 Expenses	591,350
Other	9,318
<b>Total</b>	<b>2,292,760</b>

Oil Palm Plantation sector environment and CSR expenditure for FY 2022.

### OILS AND FATS SECTOR

#### Traceability and Responsible Sourcing

Premium Vegetable Oils operates palm kernel extraction and refining facilities to produce a wide range of specialty fats which include cocoa butter substitutes, cocoa butter replacers, coating fats, creaming fats, milk fat replacers, base fats for chocolate spreads, ice cream fats, palm oil fractions, shortenings,

margarine hard stock, vegetable ghee and other fat blends. These products are derived primarily from Crude Palm Kernel Oil, Crude Coconut Oil and fractions of palm oil.

As part of our 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 identify high-risk suppliers associated with deforestation or exploitation.
3. To address issues of supplier non-compliance and monitor timebound action plans towards achieving compliance.

As part of our efforts to fulfil our commitments, we have stepped up our supplier engagement and evaluation programmes. Traceability related tools have been upgraded to facilitate the traceability data collection process.

For the reporting period of the second half of 2021, our suppliers consisted of 42 third party mills and 10 refineries/traders, who represent sourcing volumes of 92% and 8% respectively.

We will proactively engage with suppliers to promote and evaluate compliance with our responsible sourcing commitments, consistent with our Group Sustainability Policy. Through our engagement processes, we aim to encourage the implementation of improved practices across our entire

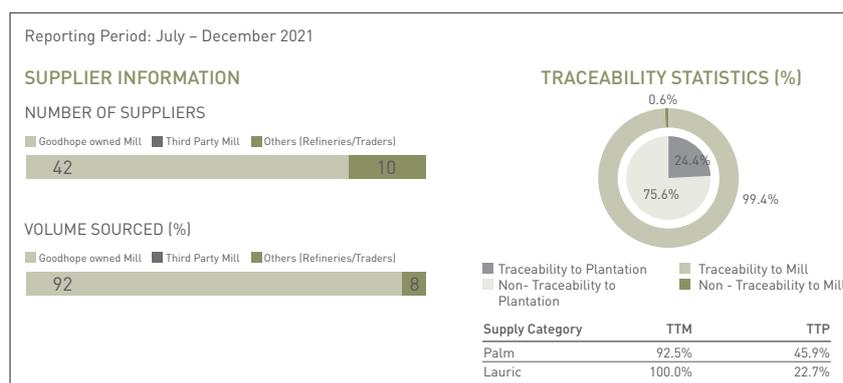
supply chain, in line with standards for the production of sustainable palm oil. We also plan to conduct Supplier Webinars in FY2022/23 with the objective of socialising our Group Sustainability Policy, as well as to enhance suppliers' awareness of NDPE commitments and the importance of traceability to plantations.

We use the No Deforestation No Peat and No Exploitation (NDPE) Implementation Reporting Framework (IRF) to track progress in delivering our commitments to No Deforestation and No Peat land development in our supply chains. The NDPE IRF is a monitoring and reporting tool designed to help companies along the supply chain to report on progress in delivering NDPE commitments. This tool is centred around a set of criteria that are used to categorise each supplying mill according to the commitments and compliance of each company.

#### Increasing Transparency

Significant progress has been made in recent years towards making Goodhope a more effective and transparent Group, through the public disclosure of information. The transparency of supply chains and sourcing practices is particularly important to fulfil our sustainability commitments and in this regard we:

- Disclose information about our approach to supply chain management



- Publish our list of supplying palm oil mills
- Share our progress in smallholder mapping
- Publish a grievance list describing cases of supplier non-compliance and responses to address the issues

A corporate culture of transparency is promoted in order to drive better risk management and continuous improvements. We value open, honest, and straightforward communication about matters related to the business and believe that transparency is the basis of trust between the company and its investors, customers, partners and employees.

Our commitment to transparency is reflected by the annual Sustainable Palm Oil Transparency Toolkit (SPOTT) assessment conducted by the Zoological Society of London (ZSL). This assessment scores the transparency of palm oil companies based on the public disclosures of the company's or organisation's policies and practices related to environmental, social and governance (ESG) issues. The SPOTT platform is a useful tool to monitor our ESG performance and drive continuous improvement. Goodhope has consistently maintained its position in the top quartile of all the assessed palm oil companies and we seek to build on this achievement by further improving our score.

### BEVERAGE SECTOR

The year 2021/22 took the brunt of the waves of the Delta and Omicron variants, which affected planned volume and efficiency to some extent. In the context of the continuing pandemic, a considerable amount of time and effort was invested into educating our staff, service providers, agent staff and retail business partners, in preventative best practice. These efforts included e-flyers, signage, info packs, webinars and on-ground training.

We continued to maintain stringent protocols at the production facility as well as in our route to market operations, to ensure that both our staff and service providers worked responsibly towards supporting the national drive to curtail the spread of COVID-19.

All internal staff, service providers, agents and distribution personnel were provided with masks and sanitisation liquids at all times. PCR and RAT's were carried out as part of an effort towards the early detection and segregation of possible COVID-19 cases. All personnel associated with the manufacturing facility who were affected by COVID-19 received care packages. We were also able to support our front line public health officials by providing them with masks and sanitisers.

Even as COVID-19 raged, local flooding also affected our neighbours. We were able to support them by providing packed meals and drinking water to them in their time of need.

### LEISURE SECTOR

The Leisure sector of the Group continued to contribute towards uplifting the living conditions of deserving people in our community. Parcels of essential goods were distributed among more than 50 families, which included families that were severely affected by the COVID-19 pandemic and other needy families in the community. These activities were conducted as continuous programmes, rather than one-time gestures.



Distribution of essential goods to the community

### PORTFOLIO AND ASSET MANAGEMENT SECTOR

In collaboration with the University of Sri Jayawardanapura, the Investment sector initiated the "Stock Market Investment Programme", a structured, practical and interactive programme spanning a period of 6 months and designed to enhance the students' knowledge of the fundamentals of investing in the stock market. The core aim of this programme would be to increase university students' interest and understanding and to create a stepping stone for them to enter the capital markets as a profession.

## Sustainability Report

### PEOPLE SUSTAINABILITY

At Carson Cumberbatch PLC, we regard our people as our most valuable asset, in terms of the strengths and resources that distinguish us, driving us in our quest to always achieve the best results possible. This is why we ensure that all our people policies and practices reflect our corporate objectives, motivating our employees to keep pace with a fast-changing business landscape.

We believe that employee diversity results in a myriad ideas and opinions being brought to the table and we strive to create a learning environment where staff are encouraged to share their ideas and contribute to the development of the Group as well as themselves. Our teams are constantly reminded of this approach and they are aware that new perceptions and suggestions are

always welcomed and will be adopted in practice where possible.

The Company always maintains the highest standards of transparency in all employee-related matters, to ensure that we are always in line with industry best practice. We also make sure that all our managers are aware of the importance of maintaining the highest levels of transparency so that we may build dependable and co-operative relations between the Group and its employees. We believe that these policies will make the Carsons Group an employer of choice for all our current and future employees.

#### Learning & Development

The Performance Management System is designed to fall in line with our corporate goals, offering structured, tailor-made learning and development opportunities for our staff. The year-

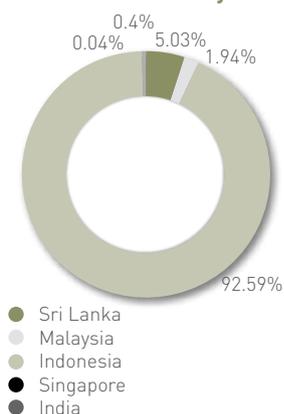
end performance discussions between employees and their immediate supervisors are planned for productive outcomes where constructive feedback and gap analysis are shared with employees to help them improve their performance. Post-performance evaluations, knowledge sharing activities and external trainings are also conducted, to bridge the identified gaps. All sectors also have their own learning and development academies and regular learning and development needs analyses, which help them to identify and help employees learn about the latest developments in their respective fields.

All sector companies invest in learning and development including encashment of examination fees, study leave and sponsorships as encouragement to pursue agreed-upon learning activities, which in turn produce well-informed employees.

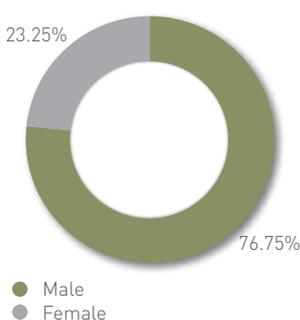
#### Total Employee Strength

Sector	Executive Directors	Managers	Executives	Non-Executives	Employees by Sector for 2022
Plantations, Oils and Fats	18	174	527	12116	12835
Portfolio and Asset Management	2	5	16	1	24
Beverage	1	77	85	100	263
Real Estate	1	2	4	10	17
Leisure	0	7	36	182	225
Management	8	7	23	5	43
<b>Total</b>	<b>30</b>	<b>272</b>	<b>691</b>	<b>12414</b>	<b>13407</b>

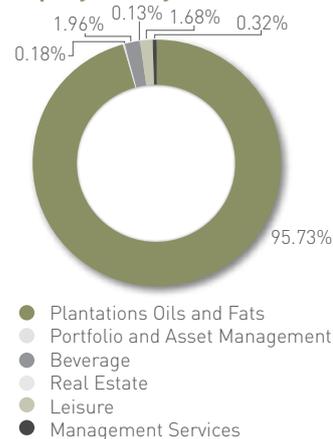
#### Total Workforce by Country



#### Gender Diversity



#### Employees by Sector



### Succession Planning

We believe that creating a pipeline of trained and skilled talent as a secondary layer of employees is imperative for the smooth functioning of any operation. We achieve this goal by identifying and developing selected employees through a structured development plan spanning 3-5 years. These development plans are periodically reviewed to ensure that the desired trajectory of progress is maintained.

### Rewards and Recognition

Our reward and recognition practices are purely based on merit, ensuring that internal equity is not compromised and deservedness is the only criteria under consideration. The Group conducts a market-based salary survey with an independent, industry-recognised entity specialising in this field, to ensure that our staff are remunerated on par with the industry standards.

Group companies also reward employees who contribute above and beyond the call of duty and make value-added inputs to the company's operations. These rewards vary from referrals and spot recognitions to quick-win programmes.

### Employer and Employee Branding

As the digital age evolves, communications of all types have gone through drastic changes. Social networks are now vital resources in delivering powerful brand recognition for customers, clients and other stakeholders. The Carsons Group therefore launched its own social network to strengthen our visibility among the general public.

The platform is also used for hosting corporate communiqués such as sector vacancies, updates on corporate activities and other useful content.

Employees can also share their personal experiences as team members of the Carsons Group.

### Work-Life Balance

The Group believes it to be imperative that employees maintain a healthy balance between their work and their personal life. This approach ensures that employees can enjoy themselves at work, reducing their sense of alienation or job-related stress while increasing the levels of job satisfaction and loyalty.

We also support employees who wish to play an active role in community service or assume responsibilities in professional, civic, cultural or voluntary organisations.

The Group's emphasis on socialising our employees is usually manifested through the many events in our annual corporate calendar. However, due to the Covid pandemic that prevailed in the country during the year under review, the Group arranged a series of virtual activities instead, including the Carsons Coffee Chat which offered a much-needed break from the monotony of the virtual work platform.

### Health & Safety

In prioritising employee wellbeing, the Group continues to ensure the safety of our staff by remaining in compliance with local and international standards, holding regular audits and training employees at all the operational locations of the Group. These measures include fire-safety training, fire drills, providing Personal Protective Equipment (PPE) and periodic reviews of all safety equipment and processes.

Medical schemes and awareness sessions are designed and conducted to provide employees and their immediate families with the requisite knowledge to maintain good health. The Group has invested in company doctors and medical facilities and maintains indoor as well as outdoor medical facilities.

### Business Continuity during COVID-19

We continued our business operations even at the height of the COVID-19 pandemic and were able to make a smooth transition from the practice of reporting to work daily to a more flexible, hybrid work culture. These efforts were highly effective and greatly appreciated by all our employees.

Additionally, all of the Group's operating locations continue to provide employees with the required Personal Protective Equipment as well as standard operating procedures which are mandatory.

### BEVERAGE SECTOR

#### Great Place to Work

In light of the continuing impact of COVID -19 and the economic volatility of the country, the Group has significantly increased its focus on maintaining high levels of motivation and engagement in our team.

Our work towards building a truly Great Place to Work continued and we were re-certified as a 'Great Place to Work' (GPTW), by the global authority on workplace culture. The company improved its GPTW Trust Index by 7% from the last assessment and a company-wide communication was made about the results of the assessment, to inform our employees about this excellent outcome. We also completed an action plan during the year to address the gaps at both company level and workgroup level.



Accepting of GPTW certification

## Sustainability Report

### Building Best-of-Class People Practices

The company made a focused investment into improving People Practices in Organisational Structure & Role design and Performance Management and Rewards, with Deloitte Touche Tohmatsu India as a consultant. This exercise also included a comprehensive Compensation and Benefit benchmark with the industry.

### People Strategy

An understanding of the current and future aspirations of the business and alignment of the People Strategy of the organisation were articulated during the year.

The three main pillars of the People strategy of the organisation were:

1. Building capacity to fuel the growth of the organisation.
2. Building capability through driving learning agility, innovation and talent pipeline development
3. Inspiring a culture of excitement, winning, inclusion and well-being, with a shared value system

### Employee Engagement

During the year, the company conducted several activities to ensure the full engagement of our people. While the safety protocols required by COVID-19 restricted meet-ups and gatherings, the company initiated various activities to relieve our teams of work stress, with all safety precautions in place. Virtual platforms were extensively used to keep people engaged and open forums for the employees such as 'Lion People Connect' were conducted virtually. The company also continued to support our staff who were affected by COVID-19 through company-sponsored ICC facilities, on-call medical advisory services, dry rations and paid medical leave. It was inspiring to note that people were diligently practicing the safety protocols to minimise of the risk

of Covid. Our Health & Safety teams also made a significant contribution through awareness campaigns and by monitoring and controlling the spread of Covid.

### PLANTATIONS, OILS AND FATS SECTOR

This year we witnessed the recovery from the impact of COVID-19 and its variants. Our priority was to ensure that our employees and their families were safe and we ensured strict controls and SOPs to minimise infection rates at our operating locations. While most staff working in big metros continued to work from home, the production operation teams in Indonesia and Malaysia worked in controlled environments with tight monitoring and controls. Vaccination drives were done towards the latter part of the year, to ensure that all our employees were vaccinated. Business continuity was a challenging issue in light of the restrictions to movement yet we got through this difficult time with minimal impact to our business operations.

Our people management philosophy states that we "value and respect individuals, their safety and aspirations and support their professional and personal growth".

We envision "Being the employer of choice for current and future employees" and our people management processes continuously evolve to attract and retain best-in-class talent.

### Diverse Workforce

As an organisation offering Equal Employment opportunities, we maintain a healthy gender diversity across the company. Such diversity is inherent to all our people-processes, policies and initiatives. All staff take an active role in fostering a diverse and inclusive culture. Our people come from different ethnic backgrounds and cultures and the Group has a non-discriminatory

employment policy that offers equal opportunity, regardless of gender, race, color, religion, marital status and sexual orientation.

We remain focused on employee development across all levels of our business operations, supporting the individual and the company, as well as the community.

### Cultural Diversity

The Group's plantations are based in Indonesia, which is a multi-ethnic, multi-cultural nation and thus, our pool of employees includes persons from diverse ethnic groups. Over 35% of our plantation workers are hired from local communities, to support local community development.

Our operating locations in Indonesia and Malaysia employ staff from different countries—including Sri Lanka, Malaysia, Indonesia, India, Singapore, Europe and Pakistan—who function at managerial and management levels, along with their local counterparts. This diverse and experienced workforce helps to address issues relating to specific skill-shortages while facilitating local talent development. Through our sustained development efforts, we have been successful in empowering local talent to take over various functions, thus reducing the dependency on expatriate staff.

### Bipartite Communication Forum (LKS Bipartite)

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

### No Child Labour Policy

In keeping with international labour laws and regulations and as company policy, the Group does not employ

staff who are below 18 years of age. The Standards of Business Conduct, recruitment policy and hiring processes all ensure adherence to this policy. This policy is communicated to all employees and recruitment teams as a strict regulation. We also insist that our vendors adhere to the same rules by including the "No Child Labour" policy as a standard business clause in all contracts.

### Employee Rewards

We regard our diverse workforce as our competitive advantage. Our total reward philosophy includes a wide spectrum of compensation models and metrics that are competitive in the industry landscape within which Goodhope operates, offering everyone fair and consistent rewards, benefits and compensation within an integrated organizational framework. The Reward Philosophy is crafted to attract, recognize and foster the top talent of the Company, whilst recognizing the capabilities of each individual and promoting opportunities for career and professional development, enabling our people to grow and excel to their full potential during their time with the Group.

### Pay Equality

We believe in equal opportunity for all employees and we do not discriminate based on gender, religion, marital status and physical disability. Staff remuneration across various levels is entirely derived from level-based salary scales, which evaluates factors such as 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 that they remain competitive with market standards.

Staff salaries and benefits across our operating locations are in compliance with all statutory requirements.

### Employee Motivation

#### Recognition & Achievement

Employees who contribute to the company's progress through value addition or the achievement of an exceptional milestone are recognised through a system of structured rewards and recognition programmes. These programmes have been rolled out across locations and their effectiveness is regularly assessed for further improvement and relevance.

#### Performance Management

Performance management is a key function which serves to drive employee and business performance. Clarity of objectives, ongoing feedback and reviews are the basis for effective performance management. The objectives are cascaded top-down to ensure alignment. This also facilitates a better line of sight of one's job and how it relates to one's business unit as well as to organisational performance. Half yearly and annual performance reviews provide opportunities to discuss priorities and get feedback for strengthening and improving performance. The rewards mechanism is tied to and differentiated based on performance output and rank. A Deferred Performance Bonus is awarded to staff who make a significant impact on the Group's performance overall. This bonus is accumulated over a 5-year period and all earnings during this period are paid at the end of the 5th year.

#### Growth & Development

Career development is considered an integral part of the employee development process. Career advancement is provided either in terms of advancement within the same department and at the same location or through a transfer to another location with a wider scope of duties and greater complexities involved in performing the job. All critical positions are monitored

periodically and opportunities for advancement are offered to high achieving employees. Employees who rise to managerial positions undergo a structured training intervention called the First Time Managers Programme. Management Trainee programmes were also introduced to strengthen junior management. Multiple on-line programmes were conducted to facilitate ongoing learning and engagement, where participants could sit in while working from home.

### Living Environment

We aim to provide a safe and healthy living environment for our employees and their families who live on our plantations. The following services and amenities are provided to these employees:

- a. Housing facilities with electricity, clean water and semi-furnished house and vehicle ownership scheme
- b. Places of worship such as mosques, churches and temples
- c. Supporting facilities such as medical clinics, sports-fields, gathering halls, schools and daycare centers

### Learning & Development

The Group prioritises learning and development and several programmes are made available to all employees. To expedite this process, we have established the "Goodhope Academy for Management Excellence" (GAME) through which we run multiple training facilities across the Group's operating locations.

In other efforts to foster a culture of learning, we developed a set of comprehensive training modules relating to agriculture and engineering, known as the Core Agricultural Programme (CAP) and the Core Engineering Programme (CEP). These programmes were developed by our

## Sustainability Report

own managers and they are used to improve knowledge, educate new employees and to conduct refreshers for existing employees.

At entry level, we also provide structured on-the-job training and working experience with cutting-edge ERP systems and integrated IT solutions which offer the ideal capability development and exposure required to meet the needs of today's business world.

In FY21-22, training and development was targeted towards training employees in remote working, wellness and other critical statutory/mandatory training areas.

### Occupational Health & Safety

The Group remains committed to provide a safe and healthy work environment to all employees. Clear guidelines are provided and signboards displayed in strategic locations to ensure that our employees participate in their own safety and as a reminder to both employees and other visitors. Regular training is also conducted to keep all employees abreast of new developments and any new procedures to be implemented. 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 exercises are undertaken to ensure that the safety policies are followed by everyone.

The Oils and Fats sector is currently certified under HACCP, HALAL, Kosher for Food Safety and Occupational Health and Safety. Periodic customer audits and site visits are also undertaken to ensure that the stringent OHS requirements are followed.

Studies were also conducted to determine levels of employee morale, during the COVID-19 pandemic. In collaboration with local Health Centres, we supported COVID-19 vaccinations for workers, their families and communities around our areas of operation. Through this programme, COVID-19 vaccinations were delivered to employees across our operations, including plantation workers, teachers, school administrative staff and public store workers.

An on-line wellness initiative was conducted in Sri Lanka and a mental health support system was piloted with a counseling organisation.

### LEISURE SECTOR

#### Human Resource Planning

The sector continued to build strategic partnerships with various identified and recognised public and private training institutes, to meet its requirements of human capital. This cooperative effort was a vital initiative for the Hotel to maintain its staff requirements. It also served as a stepping-stone for new talent to gain confidence and enter the hospitality industry, even during the current unfavorable circumstances.

Additionally, this initiative will ensure that the sector has a roster of trained employees to rely on, while identifying promising individuals to promote as future leaders and managers within the sector.

#### Learning & Development

During the year under review, the sector continued to prioritise learning and development for our staff. We also continued to operate the Skills Assessment Centre, which acts as a performance review mechanism where gaps are identified and high performing employees are rewarded with career-growth opportunities.

Pegasus Reef Hotel continued to emphasise its Train-the-Trainer Programme which is conducted for the "B Team"—selected, next level employees of the hotel.

Another innovative initiative introduced by the sector was "Virtual Learning and Developments", where employees were given the opportunity to train virtually, so as to always be prepared to join operations. The HODs of the respective divisions made sure that in-house on-the-job training sessions were also conducted, in order to sharpen the staff's current skill-set and update them on new industry trends.

### Reward & Recognition

Reward and recognition play a vital role in promoting good practice within the sector. The Hotel sector is a key customer value creator and management ensures that it promotes practices that add value to the internal and external customer, thereby enhancing our brand image among our customers.

Employee awards such as the Employee of the Quarter, the Pegasus Intermediate Care Operations (ICC Operations) volunteers and the Pegasus Task Force are examples that have reinforced our belief that exceptional performance deserves recognition. We also do 'spot recognitions' for activities that enhance service quality as part of the sector's endeavor to promote good practices and performance.

### Health & Safety

Prioritising the health and safety of employees, Pegasus Reef Hotel was successfully re-certified with OHSAS 18001:2007 which is concerned with Occupational Health and Safety. In addition, both Hotels continue to conduct periodic fire safety awareness programmes and fire drills.

## Staff Motivation and Engagement

In our quest to motivate our employees and offer a balance between work and personal life, the management organised many employee-related activities, designed to bring a sense of normalcy to our employees during the time of COVID, when human interaction was very limited.

The Pegasus Reef Hotel successfully conducted many activities including quarterly Town Hall meetings, the Staff Christmas Celebrations, the Inter-departmental Vesak Lantern Competition, a Movie Night and the Pegasus Premier League, to name a few.



Winners of Pegasus Premier League 2022

## Operations During COVID-19

Once Intermediate Care Centre operations (ICC operations) at Pegasus Reef Hotel were launched, the management took steps to educate and build confidence in our staff, about actively participating in the operations.

Prior to commencing the ICC operations, management gave employees adequate notice of the program and informed them about it, thereby reassuring staff about their safety. During the ICC operations, the management conducted routine PCR and Rapid Antigen Testing (RAT) to safeguard employees against COVID-19. Proper Personal Protective Equipment (PPE) and standard operating procedures were also implemented, to minimise our employees' exposure to the virus.

# Economic Value Statement

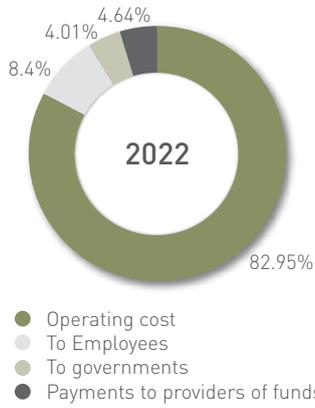
For the year ended 31st March	2022	2021	2020	2019	2018
<b>(Amounts expressed in Sri Lankan Rs. Mn)</b>					
<b>Direct economic value generated</b>					
Revenue	173,956	114,924	106,065	97,140	79,181
Other income	1,658	1,770	1,306	973	2,129
Share of profit/(loss) of equity accounted investee	(35)	(19)	11	7	
Finance income	741	727	1,014	1,070	923
Change in fair value of investment properties	578	61	151	423	621
Change in fair value of biological assets	3,348	531	159	(392)	1,017
Change in fair value of fair value through profit or loss financial assets	(1,776)	1,884	(1,801)	(2,542)	1,180
	<b>178,471</b>	<b>119,880</b>	<b>106,905</b>	<b>96,679</b>	<b>85,051</b>
<b>Economic value distributed</b>					
Operating costs	130,083	81,718	82,553	72,232	61,997
To Employees as remuneration and other benefits	13,172	10,832	10,503	9,345	7,687
<b>To Governments</b>					
Payments to government of Sri Lanka	2,519	2,016	1,937	1,010	546
- Overseas Income Tax	3,770	2,013	328	1,698	1,739
Payments to providers of funds	7,275	6,927	7,800	6,074	5,246
	<b>156,818</b>	<b>103,506</b>	<b>103,121</b>	<b>90,359</b>	<b>77,215</b>
<b>Economic value retained</b>					
Depreciation	6,701	6,482	6,087	5,238	4,079
Amortisation	312	328	305	321	314
Profit after dividends	14,639	9,563	(2,608)	761	3,443
	<b>21,652</b>	<b>16,374</b>	<b>3,784</b>	<b>6,320</b>	<b>7,836</b>

## Note

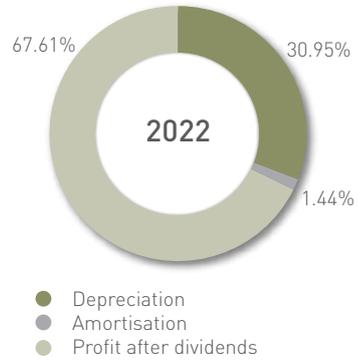
1. The total tax liability to the Sri Lankan Government during the year included the following:

For the year ended 31st March	2022	2021	2020	2019	2018
<b>(Amounts expressed in Sri Lankan Rs. Mn)</b>					
Value Added Tax	4,923	4,230	6,760	7,125	5,381
Nation Building Levy included under net sales above	-	-	667	931	210
Excise Duty & Import duty included under net sales above	38,963	30,646	29,233	24,140	18,551
	<b>43,886</b>	<b>34,876</b>	<b>36,660</b>	<b>32,196</b>	<b>24,142</b>
Income Tax	2,519	2,016	1,937	1,010	546
Total Taxes paid to the Government of Sri Lanka	<b>46,405</b>	<b>36,892</b>	<b>38,597</b>	<b>33,206</b>	<b>24,688</b>

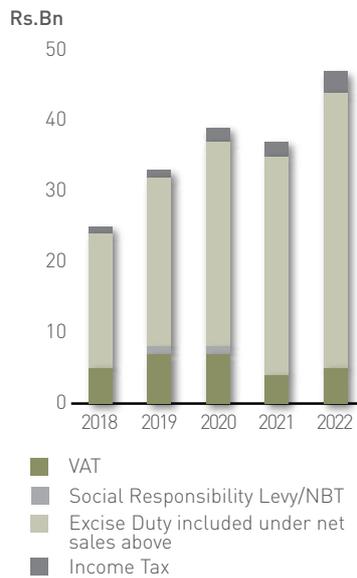
### Economic value distributed



### 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	
Ms. Sharada Selvanathan Director/Head of Corporate Planning	T. Hendro Director/Head of Tax & Statutory Assurance	
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

Rajiv Meewakkala Director/CEO	Jehan Goonaratne Financial Controller – Corporate Finance	Widhura Nuwan Chief Engineer
Ranil Goonetilleke Director - Finance	Shiran Jansz Head of Procurement	Kaveen Gayathma Head of Outbound Logistics
Stefan Atton Vice President – International Business	Eshantha Salgado Head of Sustainability	Mohan Wijebandara Financial Controller – Commercial
Nirosh de Silva General Manager - Technical	Nishantha Hulangamuwa Head of Trade & Outbound Logistics	Sandeep Mallya Head of Category – Premium
Madhushanka Ranatunga General Manager - Sales & Marketing	Keerthi Kanaheraarachchi Head of Corporate Affairs	Arno Matthee Brew Master
Niranjan Perera Head of Human Resources	Chaminda Bandaranayake Head of Manufacturing Development	Steve Wijeyaratna Head of Operations – Luxury Brands
Sampath Perumbuli Chief Information Officer	Chandana De Silva Quality Assurance Manager	Sashreeka Chandra Mohotti Head of Pubs 'N Places
Channa Senarathne Head of Regulatory Affairs	Ruwandhi Thantrige Head of Legal	

**PORTFOLIO & ASSET MANAGEMENT**

Krishna Selvanathan  
Director/CEO

Prabath Ekanayake  
Finance Manager

Sumith Perera  
Director/Head of Portfolio Management

Priyan De Mel  
Manager - Operations

Asanka Jayasekara  
Director/Head of Research

**REAL ESTATE**

Nalake Fernando  
Director - Property Management

S. Rajaram  
Head of Engineering

Chamara Prasanga  
Finance Manager - CMSL

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

Bernard Silva  
General Manager - Pegasus Reef Hotel

Vibath Wijesinghe  
Director - Finance, CMSL

Kapila Gunathilake  
Head of Finance

Shamindra Balachandran  
Head of Sales & Marketing

Sunimal Perera  
Executive Housekeeper

Nilanka Dissanayake  
Food & Beverage Manager

Ms. Premila Samarakoon  
Front Office Manageress

Niranjan Dinesh Samarakkody  
Executive Chef

Kolitha Perera  
Chief Engineer

**Giritale Hotel**

Thiagarajah Ganeshan  
General Manager - Giritale Hotel

Prasad Aruna Jayakody  
Accountant

Chammika Bandara Dissanayake  
Executive Sous Chef

Mahinda Tennekoon  
Executive Housekeeper

**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 Badugoda Hewa  
Director - Tax

Bernard Silva  
Head of HR

Chaminda Premarathne  
Director - Internal Audit

Udayantha Dasanayake  
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

### AGRO ASIA PACIFIC LIMITED

**Directors:**

H. Selvanathan, M. Selvanathan, Satish  
Selvanathan, A. Dudeja, Chandra  
Das S/O Rajagopal Sitaram, D.C.R.  
Gunawardena

### PREMIUM NUTRIENTS PRIVATE LIMITED

**Directors:**

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

### 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

### INDO-MALAY PLC

**Directors:**

H. Selvanathan - Chairman,  
M. 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

### GOOD HOPE PLC

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

### AGRO HARAPAN LESTARI (PRIVATE) LIMITED

**Directors:**

H. Selvanathan - Chairman,  
C.A.V.S. Upasena, Ms. Sharada  
Selvanathan, A.R. Azeez, A. Kanagasabai  
(Appointed w.e.f 6/9/2021)

### AHL BUSINESS SOLUTIONS (PRIVATE) LIMITED

**Directors:**

D.C.R. Gunawardena - Chairman,  
M.I.M. Amjad, C.A.V.S. Upasena, A.  
Kanagasabai (Appointed w.e.f 6/9/2021)

### GOODHOPE INVESTMENTS (PRIVATE) LIMITED

**Directors:**

H. Selvanathan - Chairman,  
M.I.M. Amjad, A. R. Azeez

### SHALIMAR DEVELOPMENTS SDN. BHD.

**Directors:**

H. Selvanathan, M. Selvanathan,  
D.C.R. Gunawardena, Ms. H.S. Lin,  
S.B. Ismail (Resigned w.e.f 1/7/2021)

### PREMIUM OILS & FATS SDN.BHD.

**Directors:**

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

### PREMIUM VEGETABLE OILS SDN. BHD.

**Directors:**

Satish Selvanathan (Chairman),  
H. Selvanathan (Resigned w.e.f  
1/9/2021), Samir K. Desai, Ahmad Latif,  
Naoto Muto, Ranveer Singh Chauhan  
(Appointed w.e.f 1/9/2021)

### ARANI AGRO OIL INDUSTRIES PRIVATE LIMITED

**Directors:**

Samir K. Desai (Resigned w.e.f  
30/4/2021), S.C.P. Chelliah, Swamy  
Madhusudhana Rao Alampally, A.  
Kanagasabai (Appointed w.e.f 1/5/2021)

### PT AGRO INDOMAS

**Commissioners:**

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
M. Ramachandran Nair,  
D.C.R. Gunawardena, A.S. Amaratunga

**Directors:**

A. Dudeja - President Director, C.A.V.S.  
Upasena (Vice President Director), Edi  
Suhardi, B.C.S.T.I Rodrigo  
T. Hendro (Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022) Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022)

### 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),  
B.C.S.T.I Rodrigo  
T. Hendro (Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022) Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

**PT AGRO HARAPAN LESTARI****Commissioners:**

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

**Directors:**

C.A.V.S. Upasena, E. Suhardi, A. Dudeja,  
B.C.S.T.I Rodrigo T. Hendro (Appointed  
w.e.f 15/4/2021), M.A.M. Ibrahim  
(Appointed w.e.f 1/1/2022), Wahyu Budi  
Susetyo (Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

**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),  
B.C.S.T.I Rodrigo  
T. Hendro (Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

**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), Edi  
Suhardi, B.C.S.T.I Rodrigo  
T. Hendro (Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

**PT AGRO ASIA PACIFIC****Commissioners:**

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

**Directors:**

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo  
T. Hendro (Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

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

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

**Directors:**

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo  
T. Hendro (Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022),  
C.S. Pakadang (Resigned w.e.f  
31/5/2021)

**PT AGRAJAYA BAKTITAMA****Commissioners:**

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

**Directors:**

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo  
T. Hendro (Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

**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), Edi Suhardi, B.C.S.T.I Rodrigo,  
T. Hendro (Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

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

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

**Directors:**

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro  
(Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

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

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

**Directors:**

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro  
(Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

.....  
\* Non-Executive Director

\*\* Non-Executive/Independent Director

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

# Group Directorate

## PT SUMBER HASIL PRIMA

### Commissioners:

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

### Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro  
(Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022),  
C.S. Pakadang (Resigned w.e.f  
31/5/2021)

## PT SINAR SAWIT ANDALAN

### Commissioners:

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

### Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro  
(Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

## PT SARIWANA ADI PERKASA

### Commissioners:

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

### Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo,  
T. Hendro (Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022), C S  
Pakadang (Resigned w.e.f 31/5/2021)

## 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, A. Dudeja,  
B.C.S.T.I Rodrigo, T. Hendro (Appointed  
w.e.f 15/4/2021), M.A.M. Ibrahim  
(Appointed w.e.f 1/1/2022), Wahyu Budi  
Susetyo (Appointed w.e.f 1/1/2022),  
C.S. Pakadang (Resigned w.e.f  
31/5/2021)

## PT AGRO SURYA MANDIRI

### Commissioners:

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

### Directors:

C.A.V.S. Upasena - President Director,  
E. Suhardi, A. Dudeja, B.C.S.T.I Rodrigo,  
T. Hendro (Appointed w.e.f 15/4/2021),  
M.A.M. Ibrahim (Appointed w.e.f  
1/1/2022), Wahyu Budi Susetyo  
(Appointed w.e.f 1/1/2022),  
C.S. Pakadang (Resigned w.e.f  
31/5/2021)

## BEVERAGE

### CEYLON BEVERAGE HOLDINGS PLC

#### Directors:

D. A. Cabraal - Chairman \*\*NEI  
H. Selvanathan (Deputy Chairman),  
M. Selvanathan (Director/Alternate  
Director to H. Selvanathan),  
D.C.R. Gunawardena \* NE,  
R.H. Meewakkala (CEO/Director)  
S. Clini\* NE, Ms.S.J.F. Evans\*\* NEI

### LION BREWERY (CEYLON) PLC

#### Directors:

D. A. Cabraal - Chairman\*\* NEI,  
H. Selvanathan (Deputy Chairman),  
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 (CEO/Director),  
S. Selvanathan, S. Clini\* NE,  
Ms. V. Gun L.L.\* NE

### PUBS 'N PLACES (PRIVATE) LIMITED

#### Directors:

D.R.P. Goonetilleke, S.W.M.K.N.  
Hulangamuwa, M.R.B. Ranatunga,  
S.G.S. Atton, R.H. Meewakkala

### RETAIL SPACES (PRIVATE) LIMITED

#### Directors:

D.R.P. Goonetilleke, S.G.S. Atton,  
R.H. Meewakkala

### LUXURY BRANDS (PRIVATE) LIMITED

#### Directors:

D.R.P. Goonetilleke, S.G.S. Atton,  
R.H. Meewakkala

### PEARL SPRINGS (PRIVATE) LIMITED

#### Directors:

D.R.P. Goonetilleke, R.H. Meewakkala

### MILLERS BREWERY LIMITED

D.R.P. Goonetilleke, P.M.N.P. De Silva,  
R.H. Meewakkala

\* Non-Executive Director

\*\* Non-Executive/Independent Director

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

## REAL ESTATE

**EQUITY ONE LIMITED**

## Directors:

D.C.R. Gunawardena (Chairman),  
K.C.N. Fernando, E.H. Wijenaik, A.P.  
Weeratunge, S. Mahendrarajah,  
P.D.D. Fernando, S.M. Marimuthu\*\* NEI

**EQUITY TWO PLC**

## Directors:

D.C.R. Gunawardena \*NE (Chairman),  
K.C.N. Fernando, A.P. Weeratunge,  
E.H. Wijenaik \*\*NEI, P.D.D. Fernando  
\*\*NEI, S.M. Marimuthu\*\* NEI

**EQUITY THREE (PRIVATE) LIMITED**

## Directors:

I. Paulraj, K. C. N. Fernando

## LEISURE

**PEGASUS HOTELS OF CEYLON PLC**

## Directors:

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

**EQUITY HOTELS LIMITED**

## Directors:

D.C.R. Gunawardena (Chairman)  
(Resigned w.e.f 31/3/2022),  
V. R. Wijesinghe, T. Ganeshan  
(Appointed w.e.f 1/4/2022)

**CARSONS AIRLINE SERVICES  
(PRIVATE) LIMITED**

## Directors:

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

## 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, A.D. Pereira \*\*NEI  
(Appointed w.e.f 21/10/2021)

**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

**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,  
S. M.Perera, R.M.A.S.P.K. Jayasekara  
(Appointed w.e.f 1/7/2022)

**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 (Appointed w.e.f.  
15/02/2022 and resigned w.e.f  
03/06/2022)

**GUARDIAN FUND MANAGEMENT LLC**

## Directors:

Mrs. O.A.I.Balladin, C.W. Knight,  
S. Thomas, K. Selvanathan,  
Mrs. A. Kadayer-Nojib (Appointed w.e.f  
16/8/2021)

**GUARDIAN VALUE FUND LLC**

## Directors:

M.Z. Soopun, T. Parmessur,  
C. W. Knight, S. Thomas,  
R.M.A.S.P.K. Jayasekera

**LEECHMAN & COMPANY (PRIVATE)  
LIMITED**

## Directors:

H. Selvanathan, M. Selvanathan,  
S. Mahendrarajah

## MANAGEMENT SERVICES

**CARSONS MANAGEMENT SERVICES  
(PRIVATE) LIMITED**

## Directors:

H. Selvanathan (Chairman),  
M. Selvanathan, 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 one of the largest diversified conglomerates in Sri Lanka, with interests in oil palm plantations, oils & Fats, beverages, portfolio and asset management, real estate and leisure. The Group manages a global network of operations in Sri Lanka, Indonesia, Malaysia, Singapore, Mauritius and India. The Group is exposed to diverse types of risk both general or industry/country specific, and risk management therefore forms an integral part of our business and management policies.

Risk management involves the identification, analysis and response to risk factors that may affect a business. A strong risk management framework therefore provides reasonable assurance through the process of identification and management of events, situations or circumstances which, even if they do occur, would not significantly impact the achievement of our business objectives. In other words, robust risk management practices can ensure minimum impact from adverse events and help to maximise the realisation of opportunities whilst the risks are managed, until they are mitigated and re-assessed to fall within the Group’s risk appetite.

Enterprise Risk Management (ERM) provides a common process and terminology for all risk management activities. The principle goals of ERM are to foster risk awareness and promote the pro-active management of threats and opportunities.

As part of our business plan implementation, the Carsons Group has made enterprise risk management integral to all our business activities.

Our risk management process supports:

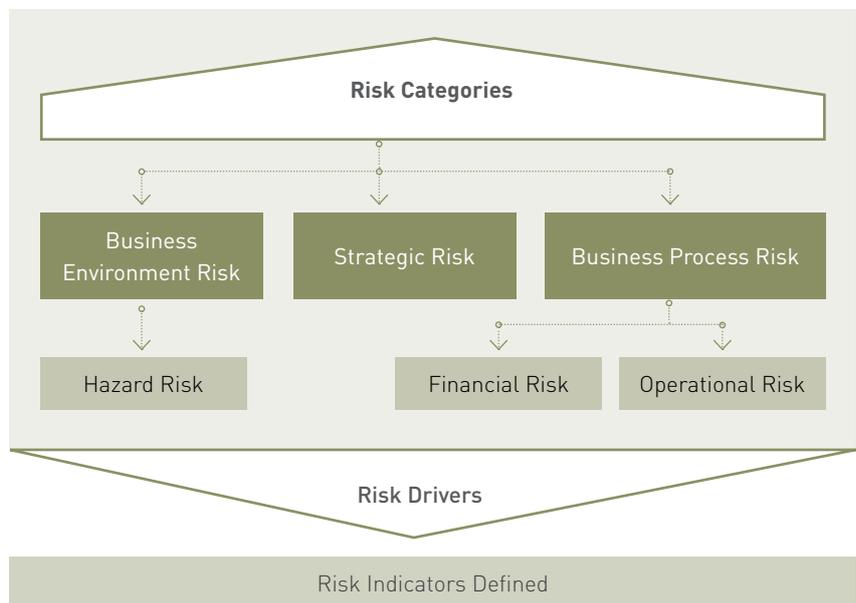
- Corporate governance
- Quality of business planning
- Audit planning
- Project planning and implementation
- Building confidence across various stakeholder groups



The ERM process revalidates the fact that the relevant internal control systems are in place, providing assurance to the Management and Board of Directors that these processes are robust and effective.

As part of the ERM process, the management identifies and categorises the risk into three main types, as shown below. The purpose of such risk modeling is to create a common language for better communication, knowledge-sharing and comparison.

Risk drivers are key factors in the creation of risk. Risk indicators are primarily deviations from set Goals or KPI’s. These deviations are promptly identified through the ongoing reviews and monitoring activities conducted by management.



The likelihood of occurrence and the probability of the outcomes of the identified risks shown above are analysed using qualitative and quantitative methods. The management uses the Risk Grid to determine the contribution of each risk to the aggregate risk profile in terms of its impact on the achievement of the company's objectives and these are prioritised accordingly.

Once risk events are identified, the risk responses could involve:

- Risk Acceptance
- Risk Avoidance
- Risk Transfer/ share
- Risk Minimisation

The first line of defence in this process involves the timely supervision and monitoring of risk management practices by the business managers and accountability in discharging their responsibilities.

The relevant action plans are reviewed and monitored by the management teams in their respective spheres of operation, while the relevance and impact of identified risks are also reassessed as part of this process. The status and outcomes of the action plans are presented to the CEO, the Audit Committee and the Board of Directors.

The Risk Management Governance Structure includes a reporting framework within the organisation

and to the Board of Directors, which facilitates the Directors' supervisory functions for better Corporate Governance.

Risk Management is a key factor in operational sustainability and the Group has identified the following risk profiles. The principal risks that are identified are continuously evaluated and reviewed at various stages of our business process and appropriate risk responses and strategies are implemented.

Risk	Impact	Risk Responses and Strategies
<b>Global Pandemic</b>	<p>The COVID-19 pandemic caused disruption to many local and global business and economic activities, forcing the closure of national borders, city lockdowns and social distancing in order to ensure the peoples' health and safety. Each Group sector closely monitored the impact of the pandemic and responded appropriately, to ensure business continuity.</p> <p>However, as the vaccination programme took effect against the pandemic and strict border policies were relaxed, most business segments regained a positive outlook.</p>	<p>The Group took immediate steps to implement actions in the Business Continuity Plan and put alternate working arrangements into action, taking into consideration the health and safety of employees.</p> <p>Employees were deployed to monitor and maintain plant and machinery where necessary.</p> <p>The Group closely monitored the economic cost of the pandemic and will continue to assess the financial impact across our sectors and draft pro-active business responses, accordingly.</p>

## Risk Management

Risk	Impact	Risk Responses and Strategies
<b>Commodity Price Risk</b>	<p>Oil Palm Plantation and Oil &amp; Fats</p> <p>These segments are susceptible to fluctuations in global Crude Palm Oil (CPO) prices over which we have minimal control, being a price-taker.</p> <p>Key impacts on CPO prices are driven by the global demand for vegetable oil, the supply from the palm plantation industry as a whole, the supply and demand for substitute oils such as soy and rapeseed, global crude oil prices, the demand for bio-fuel and other factors which impact supply and demand.</p> <p>All sectors</p> <p>The costs of other raw materials may also fluctuate due to changes in global economic conditions, weather patterns, government policies and developments in international trade.</p>	<ul style="list-style-type: none"> <li> <b>Oil Palm Plantation Segment</b> <p>The Company manages the impact of price volatility and cash flows by entering into physical spot and forward sales contracts, and manages the timing of sales and price hedging in an opportune manner.</p> <p>The segment continues to focus on becoming one of the lowest cost producers, as cost remains the area that lies within the control of the management.</p> </li> <li> <b>Oils &amp; Fats Segment</b> <p>The Company sought to maintain a back-to-back cover on raw material purchases (Palm Kernel PK feedstock), to minimise price volatilities.</p> <p>The Company transfers the price fluctuations to the customer whenever possible.</p> </li> <li> <b>Beverage Sector</b> <p>The Beverage sector continuously monitors the commodity prices of raw materials and where opportune, enters into forward contracts for buying major raw materials with the assistance of its international business partner or on its own.</p> </li> </ul>
<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 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 affect its ability to provide a return to the investors holding the securities issued by it. Particularly in the case of equities, the 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>The 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>	<ul style="list-style-type: none"> <li> <b>Investment sector</b> <ul style="list-style-type: none"> <li>- The Company has sound internal research processes and evaluates all investments after taking precautions, given the stressed conditions.</li> <li>- Once an investment is made, we adopt a continuous process of monitoring the performance of that investment.</li> <li>- We 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> </li> </ul>

Risk	Impact	Risk Responses and Strategies
<b>Environment Scrutiny Risk</b>	<p><b>Oil Palm Plantation Segment</b></p> <p>The NGO's scrutiny and enforcement on the palm-oil 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 on pushing for higher standards and targeting mid-to-large scale plantation companies as well as 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 environmental management.</p> <p>GAHL's sustainability action plan is shared monthly with external stakeholders and it has been well received by them. The palm oil sector's sustainability efforts have been recognised internationally in the SPOTT (Sustainability Policy Transparency Toolkit) assessment carried out by the Zoological Society of London. The Group achieved a ranking of #17 out of 100 palm oil companies in 2020.</p>
<b>Development Delays Risk</b>	<p>New plantation development in Indonesia may be negatively impacted due to changes in laws, multiple and ambiguous land claims and government requirements for smallholder land development.</p> <p>Project delays may result in significant increases in development costs when re-started, a build-up of overhead costs and loss of land to third parties, as well as social issues from local smallholders (Plasma schemes) who expect a faster pace of development of the land.</p>	<p>The Company ensures that the necessary permits and licenses are acquired in a timely manner in order to complete the developments.</p> <p>We pro-actively manage social issues affecting land release and multiple land claims and work with smallholder and government authorities to obtain the land required for smallholder development.</p>

## Risk Management

Risk	Impact	Risk Responses and Strategies
<b>Land Ownership Risk</b>	<p>The land allocated to plantations by regional authorities faces overlaps with concessions 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 a lack of clarity between local, regional and national authorities on land status in these various different maps.</p> <p>The 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 seeks to fight poverty by mandating small holder/ Plasma schemes in order to achieve poverty alleviation via the distribution of wealth at rural level.</p>	<p>We ensure that all required approvals from the respective authorities are obtained and we expedite land title processing in order to safeguard the plantation land within the Group.</p>
<b>Human Resource Risk</b>	<p>The difficulties in recruiting and retaining appropriately skilled employees could adversely affect our 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 high turnover.</p>	<p>The following initiatives have been implemented by the Group.</p> <ul style="list-style-type: none"> <li>• Ensure that recruitments are carried out to hire employees with the required qualifications, knowledge and experience.</li> <li>• Identify and assess the key staff members crucial for successful operations.</li> <li>• Identify gaps in skills and capabilities of key roles and implement development programs to facilitate career progression and succession planning.</li> <li>• Invest in organisation-wide training and development to enhance capability levels and maintain the motivation levels of the employees.</li> </ul>
<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>The sharp devaluation of the Sri Lanka Rupee against USD has direct as well as indirect impacts on companies operating in Sri Lanka.</p> <p>Currently, the Plantations, Oils and Fats sector's impact from 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>The expenses of all sectors operating in Sri Lanka have seen notable escalations following the recent Rupee depreciation, particularly with regard to renovation and maintenance costs, insurance premiums, the cost of importing raw materials, machinery and spare parts etc. The continuous lack of foreign currency at Bank levels adds to the challenge.</p> <p>We minimise the cash flow impact by linking the oil palm sector revenue to the USD linked CPO prices. We continue to monitor market volatilities, to anticipate and exploit favourable movements.</p>

Risk	Impact	Risk Responses and Strategies
<b>Business Environment Risks</b>	<p>The recent changes in Sri Lanka's macro-economic conditions will have direct impacts on the business activities of companies operating in Sri Lanka. Some of the key challenges are given below.</p> <p>The steep increase in construction costs and the scarcity of spare parts and other related maintenance equipment pose a risk to smooth business operations.</p> <p>Further, the on-going interruptions to the supply of electricity through the national grid and the lack of a continuous supply of diesel pose a risk to the smooth operation of business activities. This has resulted in cost escalations as we try to source utilities for our premises in a timely manner.</p> <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 can harvest in the palm oil plantation sector.</p>	<p>Whenever possible, the management of our respective companies have taken steps to order and maintain stocks of critical spare parts, raw materials etc., that are vital for the day-to-day operations of the Company.</p> <p>Management is also making its best effort to source the required utilities to ensure minimum disruption to the Company's operations.</p> <p>The Group takes steps to minimise the risk of fire by monitoring and maintaining appropriate fire-response resources. We also invest in agronomy and plantation management best practices, in order to minimise the impact of a sudden outbreak of pests and/or diseases.</p> <p>The Group employs Business Continuity Planning and safeguards against perils through adequate insurance.</p>
<b>Liquidity Risk</b>	<p>The risk that the sector may not easily be able to meet its operational and financial obligations can result in an unavailability of sufficient funds, which may interrupt the smooth functioning of day-to-day operations.</p>	<p>Management closely monitors the Group companies' liquidity positions and where necessary, has applied for the concessions granted by lending institutions for businesses affected by Covid-19.</p> <p>We manage such an exposure through effective working capital management.</p> <p>The Group maintains sufficient credit facilities.</p> <p>We develop policies and procedures to plan liquidity based on medium-term plans.</p> <p>Where applicable some Group companies have applied for moratorium facilities on existing borrowing offered by banks as per the guidelines of the Central Bank of Sri Lanka.</p> <ul style="list-style-type: none"> <li>• Investment sector <ul style="list-style-type: none"> <li>- We invest in companies with a reasonable free float and where securities are heavily traded. We also limit the portfolio's buy list to highly traded blue-chips, so that the risk of illiquidity can be mitigated. Good research enables the fund team to identify changes in fundamentals and be pro-active in investment decision making.</li> </ul> </li> </ul>

## Risk Management

Risk	Impact	Risk Responses and Strategies
<b>Financial Leverage and Cash Flow Risk</b>	The Oil Palm Plantation segment is impacted by the 25 to 30-year investment cycle and its inherently high financial leverage due to price and volume volatility. GAHL is required to generate continuous strong free cash flow and repay debt from its operational cash inflows.	<p>We manage bank funding facilities and service the borrowings, while maintaining adequate liquidity.</p> <p>We implement cost control measures targeting overhead reductions and capex prioritisation.</p>
<b>Credit Risk</b>	Each sector is exposed to credit risk primarily from their trade receivables, which arise from their operating activities and deposits with banking institutions.	<p>The slowdown of economic activity has led to challenges in the recovery of dues in some sectors.</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 customers' creditworthiness</li> <li>• Ongoing monitoring of receivable balances.</li> <li>• Covering credit exposure through a combination of bank guarantees and discounting of credit to banks with no recourse to the Company.</li> </ul>
<b>Interest Rate Risk</b>	<p>Interest rates have shown a sharp increase due to the policy rate adjustments by the Central Bank of Sri Lanka.</p> <p>The interest rates on most of our loans and borrowings are currently on a floating basis. As such, our financial performance may be negatively affected by changes in prevailing interest rates in the financial market.</p>	<ul style="list-style-type: none"> <li>• Carson Cumberbatch PLC's financial strength is used via the Group treasury, in negotiating the rates.</li> <li>• The Plantation sector will pursue derivative mechanisms such as interest swaps, where necessary.</li> <li>• As at the reporting dates, both the financial assets and financial liabilities of the Group consist of variable as well as fixed rate instruments.</li> <li>• We have pursued the appropriate capitalisation of business, together with the right balance between long and short term bank facilities, plus obtaining a combination of loans linked to AWDR/SLIBOR &amp; AWPLR</li> </ul>
<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 Group operations.</p>	<ul style="list-style-type: none"> <li>• The Group has enhanced IT systems via a secure VPN with no disruptions, together with virus upgrades, backups and monitoring of Disaster Recovery sites.</li> <li>• We maintain detailed procedure manuals and provide training and guidelines for new recruits.</li> <li>• The internal audit function of the Group carries out regular reviews of internal control systems and processes and recommends process improvements if shortcomings are noted.</li> </ul>

Risk	Impact	Risk Responses and Strategies
<b>Legal and Regulatory Compliance Risk</b>	Failure to comply with the regulatory and legal frameworks applicable to the Group.	<ul style="list-style-type: none"> <li>• The management and the Carsons Group Legal division proactively identify and set up appropriate systems and processes for legal and regulatory compliance in respect of Sector operations.</li> <li>• We arrange training programs and circulate updates for key employees on new/revised laws and regulations as required.</li> <li>• The Group provides comments on draft laws to the government and regulatory authorities.</li> <li>• We obtain comments and interpretations from external legal consultants on areas that require clarity.</li> <li>• We also obtain compliance certificates from management on a quarterly basis, on compliance with relevant laws and regulations.</li> <li>• The Government and health authorities have issued guidelines and rules to operate business activities, in order to minimise the spread of Covid-19. The Group has implemented all possible measures for the safety of our staff and customers and we adhere to the said guidelines and rules.</li> </ul>
<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.	<ul style="list-style-type: none"> <li>• The right values are communicated to all employees from inception, both through formal communication and by example. Our screening process at interviews is designed to select people of the right calibre and training them for higher responsibility is an ongoing process.</li> <li>• The extensive compliance process also ensures that the Group does not take the risk of process failure that will lead to reputational risk.</li> <li>• Maintaining good relationships with all stakeholders further helps manage any crisis situations that could damage our reputation.</li> </ul>

Risks arising from unforeseen events such as natural disasters, riot and civil commotions are covered by obtaining the 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"

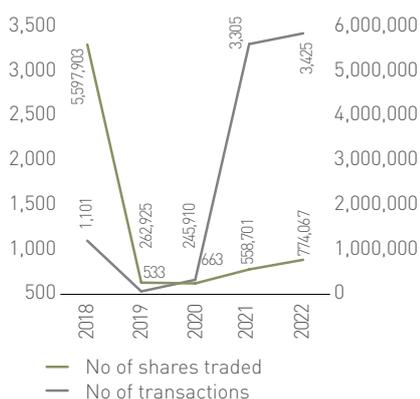
## 2 MARKET CAPITALISATION AND MARKET PRICE

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. 53,024 Mn as at 31st March 2022. (Rs. 54,694 Mn as at 31st March 2021)

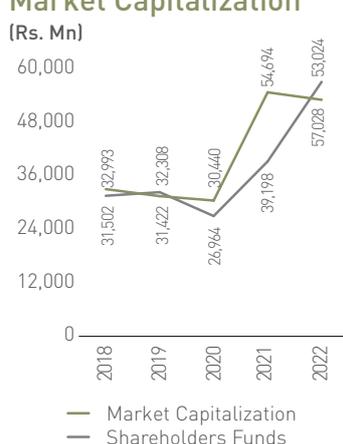
The Information on Market prices are set out below :

For the year ended 31st March	2022	Q4	Q3	Q2	Q1	2021
<b>Share Information</b>						
Highest price (Rs.)	366	330	339	310	366	450
Lowest price (Rs.)	265	265	275	272	270	137
As at periods end (Rs.)	270	270	307	285	305	279
<b>Trading Statistics</b>						
No of transactions	3,425	591	1,229	668	937	3,305
No of shares traded	774,067	172,975	295,349	119,806	185,937	558,701
Value of all shares Traded (Rs. Mn)	235	52	90	35	58	152
Market Capitalization (Rs. Mn)	53,024	53,024	60,291	55,872	59,898	54,694
Enterprise Value (Rs. Mn)	188,063	188,063	165,131	160,926	164,875	157,329

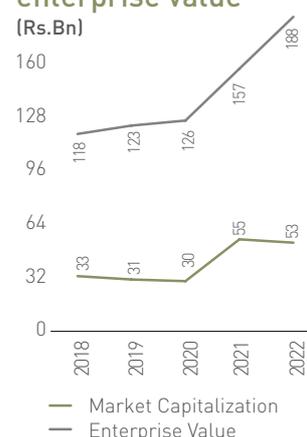
### Share Trading (Nos)



### Shareholders Funds and Market Capitalization (Rs. Mn)



### Market Capitalization and enterprise value (Rs. Bn)



## 3 SHAREHOLDER BASE

The total number of ordinary shareholders as at 31st March 2022 was 1,987 compared to the 2,044 as at 31st March 2021.

#### 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	1,510	230,799	0.12	14	4,467	0.002	1,524	235,266	0.12
1,001	10,000	297	1,052,501	0.54	14	62,951	0.03	311	1,115,452	0.57
10,001	100,000	100	2,735,505	1.39	17	642,866	0.33	117	3,378,371	1.72
100,001	1,000,000	14	4,594,348	2.34	7	2,490,192	1.27	21	7,084,540	3.61
Above	1,000,000	8	142,508,610	72.57	6	42,064,675	21.42	14	184,573,285	93.98
Total		1,929	151,121,763	76.95	58	45,265,151	23.05	1,987	196,386,914	100

#### 5 COMPOSITION OF SHAREHOLDERS

Ordinary Shares	31st March, 2022			31st March, 2021		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	1,844	20,430,659	10.40	1,909	20,484,107	10.43
Institutions	143	175,956,255	89.60	135	175,902,807	89.57
Total	1,987	196,386,914	100	2,044	196,386,914	100
Residents	1,929	151,121,763	76.95	1,982	151,124,056	76.95
Non Residents	58	45,265,151	23.05	62	45,262,858	23.05
Total	1,987	196,386,914	100	2,044	196,386,914	100

#### 6 PUBLIC HOLDING

The Company's Public Holding as at 31st March 2022

- Market Capitalization of the public holding - Rs.7.64Bn
- Percentage of ordinary shares held by the public - 14.41% (2021 - 14.41%)
- The number of public shareholders - 1,973

As at 20th July 2022, the Public Float of the Company is 14.28%. The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.14.1.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 above 10%.

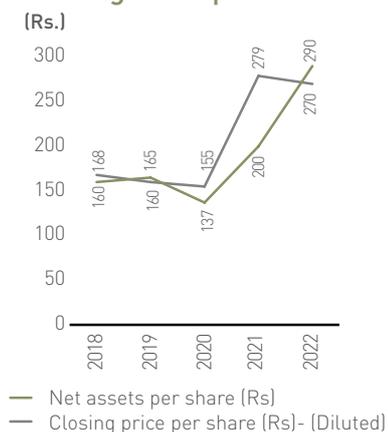
#### 7 INFORMATION ON RATIOS

For the year ended 31st March	2022	2021
EPS (Rs.) - Group	37.45	24.55
Dividend payout ratio (%) - Company	58	116
Price to book (time)	0.93	1.40
Price/cash earnings (time)	3.06	3.40
Price to Book (times)	0.93	1.40
Price Earnings Ratio - Group	7.21	11.35
Dividend Yield (%)	0.56%	0.27%
Market Value Added (Mn.)	131,035	118,131

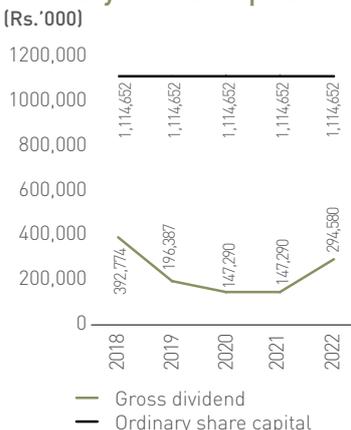
## Information to Shareholders & Investors

### 8 INFORMATION ON DIVIDENDS

#### Net Assets per Share and Closing Price per Share (Rs.)



#### Gross Dividend and Ordinary Share Capital (Rs.'000)



### 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	2022		2021	
	Per share Rs.	Amount Rs. '000	Per share Rs.	Amount Rs. '000
Final dividend	1.50	294,580	0.75	147,290
	1.50	294,580	0.75	147,290

**12 DIVIDENDS SINCE**

Year ended 31st March	DPS (Rs.)	Dividends (Rs.'000)
2018	2.00	392,774
2019	1.00	196,387
2020	0.75	147,290
2021	0.75	147,290
2022	1.50	294,580

**13 ORDINARY SHARES IN ISSUE**

Year ended 31st March	Number of Shares
2018	196,386,914
2019	196,386,914
2020	196,386,914
2021	196,386,914
2022	196,386,914

**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**

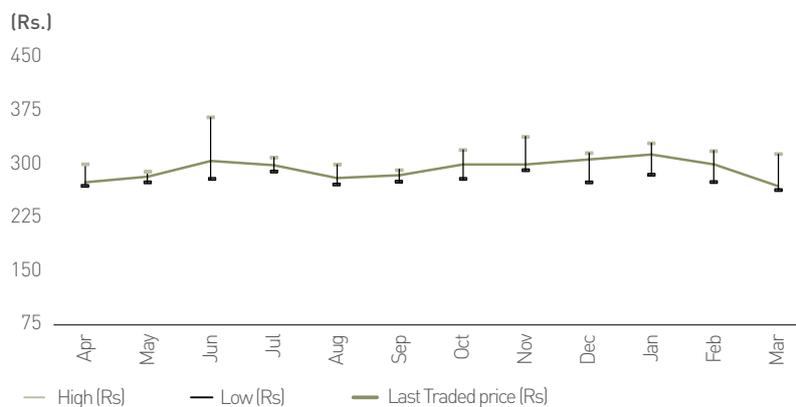
Financial Year	Issue	Basis	Number of Shares issued	No. of Shares Cumulative Ordinary
2005/06	Bonus Issue	5 for 1	5,093,550	6,112,260
2008/09	Sub-division	15 for 1	85,571,640	91,683,900
	Capitalisation	1 for 20	4,584,195	96,268,095
2010/11	Sub-division	2 for 1	96,268,095	192,536,190
	Capitalisation	1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

## Information to Shareholders & Investors

### 16 SHARE PRICE TREND OVER LAST FIVE YEARS

Year ended 31st March	2018	2019	2020	2021	2022
Highest Price (Rs.)	240	199	224	450	366
Lowest Price (Rs.)	145	137	150	137	265
Last Traded Price (Rs.)	168	160	155	279	270

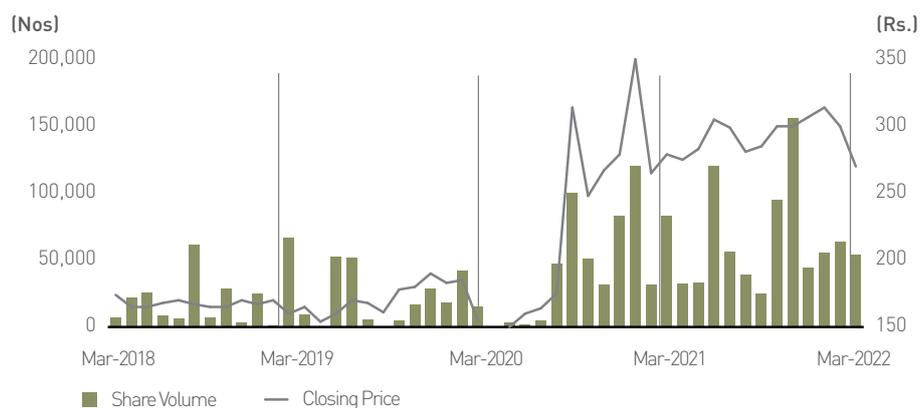
### Share Price Trend Over Last Financial Year - 2022



## 17 INFORMATION ON SHAREHOLDERS' FUNDS AND MARKET CAPITALIZATION

As at 31st March	2018	2019	2020	2021	2022
Shareholders' Funds (Rs. Mn.)	31,502	32,308	26,964	39,198	57,028
Market Capitalization (Rs. Mn.)	32,993	31,422	30,440	54,694	53,024
Market Capitalization as % of CSE Total Mkt. Captl. (%)	1.09%	1.21%	1.43%	1.76%	1.39%

## 18 PRICE AND SHARE VOLUME CHART



## Information to Shareholders & Investors

### 19. TEN YEAR SUMMARY - GROUP

For the year ended/as at 31st March	2022	2021
<b>OPERATING RESULTS</b>		
Revenue	170,694,625	114,835,847
Profit from operations	26,887,956	16,741,927
Finance expenses	6,510,915	6,142,137
Profit/(loss) before taxation from continuing operations	22,373,161	14,303,789
Income tax expenses	7,722,096	4,498,557
Profit/(loss) for the year	14,933,314	9,710,614
Profit/(loss) attributable to the non controlling interest	7,578,842	4,889,763
Profit/(loss) attributable to the owners of the company	7,354,472	4,820,851
<b>CAPITAL EMPLOYED</b>		
Stated capital	1,114,652	1,114,652
Reserves	55,913,525	38,083,692
	57,028,177	39,198,344
Non - controlling interest	59,034,863	39,882,181
Short - term and long - term borrowings	111,474,598	82,706,751
	227,537,638	161,787,276
<b>ASSETS EMPLOYED</b>		
Non - current assets	184,353,790	137,640,150
Current assets	96,831,616	59,434,062
	281,185,406	197,074,212
Current liabilities - excluding borrowings	(35,387,114)	(21,370,052)
Other financial payables	(2,100,090)	(2,013,397)
Deferred liabilities	(16,160,564)	(11,903,487)
	227,537,638	161,787,276
<b>CASH FLOW STATEMENTS</b>		
Net cash inflows from operating activities	17,326,401	16,105,913
Net cash generated from/(used in) investing activities	(5,966,128)	(6,831,015)
Net cash generated from/(used in) financing activities	(7,257,308)	(2,334,653)
Net (decrease)/increase in cash & cash equivalents	4,102,964	6,940,245
<b>OPERATIONAL RATIOS</b>		
Return on ordinary shareholders' funds (%)	12.90	12.30
Equity to total assets (%)	41.28	40.13
Revenue growth (%)	48.64	8.42
Asset growth (%)	42.68	13.99
Revenue to capital employed (times)	0.75	0.71
No. of employees	13,407	13,492
Revenue per employee	12,732	8,511
<b>DEBT &amp; GEARING RATIOS</b>		
Interest cover (times)	4.13	2.73
Total debts	111,474,598	82,706,751
Net debts	76,004,060	62,753,092
Debt equity ratio (%)	96.05	104.59
Gearing ratio (%)	48.99	51.12
Debt/total assets (%)	39.64	41.97
Current ratio (times)	1.31	1.21
<b>INVESTOR RATIOS</b>		
Dividend cover (times)	24.97	32.73
Dividends per share (Rs.)	1.50	0.75
Market value per share (Rs.)	270	279
Market capitalization (Rs. Mn)	53,024	54,694
Earnings/(loss) per share (Rs.)	37.45	24.55
Price earnings ratio (times)	7.21	11.35
Net assets per ordinary share (Rs.)	290.39	199.60

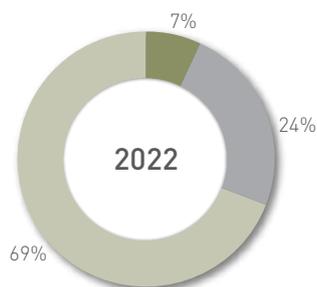
	2020	2019	2018	2017	2016	2015	2014	2013
	105,914,515	97,139,538	79,181,390	64,512,872	76,470,465	88,625,807	76,540,926	76,162,126
	10,308,578	13,295,569	10,075,229	5,222,920	8,615,720	13,540,127	13,220,868	15,149,220
	6,673,453	4,892,419	4,496,028	4,423,660	2,617,581	2,476,181	2,073,516	1,496,146
	(481,544)	5,060,992	7,387,888	139,094	3,610,229	8,375,195	11,136,235	13,637,001
	2,171,159	3,992,562	3,653,111	1,600,320	1,622,822	2,545,401	3,257,220	3,981,725
	(2,460,260)	908,265	3,835,184	2,939,314	1,626,695	5,981,894	7,879,015	9,655,276
	(932,452)	814,313	2,068,167	1,644,769	800,804	2,896,301	4,167,120	5,061,334
	(1,527,808)	93,952	1,767,017	1,294,545	825,891	3,085,593	3,799,471	4,593,942
	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652
	25,849,847	31,193,768	30,387,273	30,113,024	29,945,232	35,676,040	43,077,998	45,437,613
	26,964,499	32,308,420	31,501,925	31,227,676	31,059,884	36,790,692	44,192,650	46,552,265
	28,221,465	31,585,445	29,148,484	28,225,711	27,230,412	29,469,854	38,939,136	40,070,069
	89,260,736	75,215,984	69,438,172	72,460,014	75,797,441	75,980,241	64,292,897	52,234,376
	144,446,700	139,109,849	130,088,581	131,913,401	134,087,737	142,240,787	147,424,683	138,856,710
	118,109,798	119,429,300	122,040,152	120,046,963	130,083,631	130,894,948	138,985,093	132,463,346
	54,777,876	46,238,017	37,970,193	36,363,828	30,612,691	30,993,726	35,618,440	26,556,439
	172,887,674	165,667,317	160,010,345	156,410,791	160,696,322	161,888,674	174,603,533	159,019,785
	(16,487,219)	(14,891,115)	(20,108,822)	(17,466,786)	(19,294,743)	(13,516,259)	(16,765,430)	(10,769,171)
	(1,300,771)	(87,368)	(87,695)	(77,607)	(63,559)	(55,818)	(50,492)	(28,077)
	(10,652,984)	(11,578,985)	(9,725,248)	(6,952,997)	(7,250,283)	(6,075,810)	(10,362,928)	(9,365,827)
	144,446,700	139,109,849	130,088,581	131,913,401	134,087,737	142,240,787	147,424,683	138,856,710
	5,315,946	7,334,846	9,160,094	2,140,797	12,613,686	5,053,389	13,584,976	4,667,377
	(7,959,375)	(5,123,036)	(6,599,663)	11,548,755	(8,848,557)	(21,876,166)	(15,187,257)	(19,256,701)
	375,453	(5,166,862)	4,553,882	(10,899,879)	(6,146,488)	9,897,091	12,805,689	2,331,876
	(2,267,976)	(2,955,052)	7,114,313	2,789,673	(2,381,359)	(6,925,686)	11,203,408	(12,257,448)
	(5.67)	0.29	5.61	4.15	2.66	8.39	8.60	9.87
	31.92	38.57	37.90	38.01	36.27	40.93	47.61	54.47
	9.03	22.68	22.74	(15.64)	(13.72)	15.79	0.50	15.26
	4.36	3.54	2.30	(2.67)	(0.74)	(7.28)	9.80	34.16
	0.73	0.70	0.61	0.49	0.57	0.62	0.52	0.55
	14,014	13,975	11,935	12,583	15,136	15,954	15,580	15,097
	7,558	6,951	6,634	5,127	5,052	5,555	4,913	5,045
	1.54	2.72	2.24	1.18	3.29	5.47	6.38	10.13
	89,260,736	75,215,984	69,438,172	72,460,014	75,797,441	75,980,241	64,292,897	52,234,376
	66,874,488	60,418,200	56,095,978	57,077,439	68,180,571	66,956,985	47,753,595	44,369,967
	161.75	117.72	114.49	121.88	130.03	114.67	77.34	60.30
	61.79	54.07	53.38	54.93	56.53	53.42	43.61	37.62
	51.63	45.40	43.40	46.33	47.17	46.93	36.82	32.85
	1.05	0.98	0.81	0.67	0.63	0.81	0.84	0.75
	(10.37)	0.48	4.50	-	2.81	5.24	9.68	11.70
	0.75	1.00	2.00	-	1.50	3.00	2.00	2.00
	155	160	168	163	270	366.40	365.00	440
	30,440	31,422	32,993	32,050	53,083	71,956	71,681	86,410
	(7.78)	0.48	9.00	6.59	4.21	15.71	19.35	23.39
	(19.92)	334.45	18.67	24.76	64.20	23.32	18.86	18.81
	137.30	164.51	160.41	159.01	158.16	187.34	225.03	237.03

## Information to Shareholders & Investors

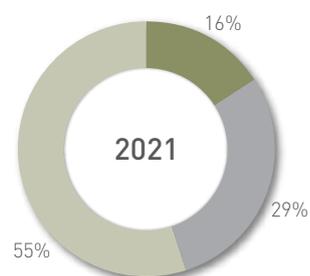
(Amounts expressed in Sri Lankan Rs. '000)

### 20 GROUP QUARTERLY RESULTS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2022
<b>INCOME STATEMENT</b>					
Revenue	32,428,841	35,772,382	46,292,268	56,201,134	170,694,625
Profit before tax from continuing operations	3,335,078	3,198,334	6,263,572	9,576,177	22,373,161
Net Profit after tax	2,407,207	1,975,368	4,513,808	6,036,931	14,933,314
Earnings per share	5.79	4.48	12.56	14.62	37.45
<b>CASH FLOW</b>					
Operating cash flows before working capital changes	6,445,576	14,649,430	23,188,223	32,844,950	32,844,950
Capital expenditure	1,749,295	3,540,164	6,185,174	5,801,443	5,801,443
Working capital changes	(2,765,652)	(2,733,077)	(2,852,710)	(2,678,891)	(2,678,891)
Cash flow from investing activities	(1,543,247)	(2,907,417)	(5,199,759)	(5,966,128)	(5,966,128)
Cash flow from financing activities	(2,241,615)	(5,608,528)	(6,471,371)	(7,257,308)	(7,257,308)
<b>BALANCE SHEET</b>					
Shareholders' funds	40,041,137	41,554,090	45,472,218	57,028,177	57,028,177
Non controlling interest	41,229,367	42,395,189	44,861,195	59,034,863	59,034,863
Total assets	203,145,683	204,216,119	208,026,315	281,185,407	281,185,406
Total liabilities	121,875,179	120,266,840	117,692,902	165,122,366	165,122,366
Intangible assets	10,137,384	10,166,795	10,108,735	12,496,367	12,496,367
Cash and cash equivalents	25,988,361	22,351,305	24,465,448	35,470,538	35,470,538
Loans and borrowings	89,736,224	85,805,891	84,444,144	111,474,598	111,474,598
Net gearing - %	43.96	43.05	39.90	39.57	39.57
Net assets value per share (Rs.)	203.89	211.59	231.54	290.39	290.39
Net tangible assets per share (Rs.)	152.27	159.82	180.07	226.76	226.76



- Non Cash Book Profit & Gain / (Loss)
- Depreciation & amortization
- Operation Cash profits



- Non Cash Book Profit & Gain / (Loss)
- Depreciation & amortization
- Operation Cash profits

# FINANCIAL INFORMATION

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## Financial Calendar

Financial Year end	-	31st March 2022
Announcement of results		
1st Quarter ended 30th June 2021	-	13th August 2021
2nd Quarter ended 30th September 2021	-	12th November 2021
3rd Quarter ended 31st December 2021	-	14th February 2022
4th Quarter ended 31st March 2022	-	31st May 2022
1st Interim Dividend FY 2021/22	-	8th September 2021
1st Interim Dividend FY 2022/23	-	27th June 2022
Notice of Annual General Meeting	-	21st July 2022
109th Annual General Meeting	-	15th August 2022

# 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 2022.

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 20th July 2022.

## 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 Group and 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 12 to 17 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 2022 are set out on pages 89 to 209. 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 2022, 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 2022, the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## REVENUE

Revenue generated by the Company amounted to Rs. 818.5 Mn (2021 - Rs. 469.7 Mn), whilst group revenue amounted to Rs. 170,695 Mn (2021 - Rs. 114,835 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. 512 Mn (2021 - Rs. 126.6 Mn) whilst the Group profit attributable to equity holders of the parent for the year was Rs. 7,354 Mn (2021 - Rs. 4,820.8 Mn). Results of the Company and of the Group are given in the income statement.

Detailed description of the results and appropriations are given overleaf.

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Results from operating activities	26,887,956	16,741,927	739,982	386,486
Impairment /Write offs of business assets	(1,076,698)	(609,342)		
Foreign exchange gain / (losses)	957,438	1,855,241	(81,825)	(25,845)
Net finance cost	(6,510,915)	(6,142,137)	(146,213)	(242,755)
Share of net results of equity accounted investee	(34,831)	(18,776)	-	-
Change in fair value of biological assets	3,347,692	531,357	-	-
Change in fair value of investment properties	578,208	61,318	-	-
Changes in fair value of financial assets held for trading	(1,775,689)	1,884,201	1,339	13,337
<b>Profit before tax accruing to the company and subsidiaries</b>	<b>22,373,161</b>	<b>14,303,789</b>	<b>513,283</b>	<b>131,223</b>
Income tax expenses	(7,722,096)	(4,498,557)	(1,154)	(4,590)
<b>Profit from continuing operations</b>	<b>14,651,065</b>	<b>9,805,232</b>	<b>512,129</b>	<b>126,633</b>
<b>Profit/(loss) from discontinued operations, (net of tax)</b>	<b>282,249</b>	<b>[94,618]</b>	<b>-</b>	<b>-</b>
<b>Profit for the year</b>	<b>14,933,314</b>	<b>9,710,614</b>	<b>512,129</b>	<b>126,633</b>
Profit attributable to non controlling interest	(7,578,842)	(4,889,763)	-	-
Profit attributable to owners of the company	7,354,472	4,820,851	512,129	126,633
Other adjustments	(331,817)	(112,803)	13,875	4,532
Balance brought forward from the previous year	31,614,593	27,053,835	7,287,194	7,303,319
Amount available for appropriation	38,637,248	31,761,883	7,813,198	7,434,484
<b>Dividend</b>				
Ordinary Share dividend				
Final dividend	(294,580)	(147,290)	(294,580)	(147,290)
Balance to be carried forward to next year	38,342,668	31,614,593	7,518,618	7,287,194

## RESERVES

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

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Capital Reserve	3,850,136	3,135,934	287,552	287,552
Revenue Reserve	52,063,389	34,947,758	11,453,983	11,279,531
<b>Total</b>	<b>55,913,525</b>	<b>38,083,692</b>	<b>11,741,535</b>	<b>11,567,083</b>

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	2022	2021
<b>Portfolio and Asset Management</b>		
Property, plant & equipment	1,532	1,384
<b>Oil Palm Plantations</b>		
Property, plant & equipment	2,982,672	7,546,051
Bearer Plants	290,095	154,251
Intangible assets/prepaid lease payment for land	86,028	30,136
<b>Oils &amp; Fats</b>		
Property, plant & equipment	230,350	190,096
Intangible assets	25,917	629
<b>Beverage</b>		
Property, plant & equipment	2,133,737	1,210,596
Intangible assets	7,457	27,197
<b>Real Estate</b>		
Property, plant & equipment	3,930	647
Investments Properties	6,736	21,181
<b>Leisure</b>		
Property, plant & equipment	25,361	6,514
<b>Management Services</b>		
Property, plant & equipment	7,628	5,006
	5,801,443	9,193,688

### VALUE OF THE INVESTMENT PORTFOLIO

The market value/valuation of the Group's investment portfolio as at 31st March, 2022 was Rs. 8,769 Mn (2021 - Rs. 9,975 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 2022. The carrying value of investment property of the Group is Rs. 5,064 Mn (2021 - Rs. 4,479.4 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 2022 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 209 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 2022 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.

## 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	
	31.03.2022	31.03.2021
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. R. Theagarajah	-	-
Mr. W. M. R. S. Dias	-	-
Mr. A. S. Amaratunga	1,156	1,156
Ms. Sharada Selvanathan	-	-
Mr. M. M. Murugappan	-	-
Mr. Y. H. Ong	-	-
Messrs. M. Selvanathan & H. Selvanathan (As trustees)	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	
	31.03.2022	31.03.2021
<b>Ceylon Guardian Investment Trust PLC</b>		
Mr. D. C. R. Gunawardena	257	257
<b>Ceylon Investment PLC</b>		
Mr. D. C. R. Gunawardena	257	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	
	31.03.2022	31.03.2021
<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

### 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.

#### Directors to retire by rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. S. K. Shah and Mr. R. Theagarajah retire by rotation 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, H. Selvanathan and D. C. R. Gunawardena who are over 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 <sup>2</sup>	-	✓	✓
Mr. W. M. R. S. Dias	-	✓	✓
Mr. A. S. Amaratunga	-	✓	✓

#### Name of the Director

Name of the Director			
	Executive	Non- Executive	Independent
Ms. Sharada Selvanathan	✓	-	-
Mr. M. M. Murugappan	-	✓	✓
Mr.Y.H.Ong	-	✓	✓

#### 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 7th July 2022, 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.

- 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
- The Board has determined that Mr. R. Theagarajah 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)	10/10
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	10/10
Mr. W. M. R. S. Dias	10/10
Mr. A. S. Amaratunga	10/10
Ms. Sharada Selvanathan	10/10
Mr. M. M. Murugappan	9/10
Mr.Y.H.Ong	10/10

### 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)	-	✓	✓
Mr. D. C. R. Gunawardena	-	✓	-
Mr. Y. H. Ong	-	✓	✓

### Composition

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

### 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

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

### 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

### Scope and Objective

The Remuneration Committee has established a formal and transparent procedure for the development of a remuneration policy which will be reviewed by the Committee when deemed necessary.

The remuneration policy has been formulated based on market and industry factors with appropriate incentives to encourage enhanced performance and also in a fair and responsible manner for all group companies.

### Functions and Proceedings

The Remuneration Committee of CARS recommends to the Board of the Company as well as the subsidiary Companies the remuneration to be paid to the Non-Executive Directors of the respective Companies. Based on the recommendation of the remuneration committee, the respective Boards approve the remuneration to the Non-Executive 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.

The Non-Executive Directors are not 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 two (02) virtual meetings during the period under review.

Remuneration Committee Members	Meetings attended (out of 2)
Mr. T. de Zoysa (Chairman)	1/2
Mr. D.C.R. Gunawardena	2/2
Mr. R. Theagarajah	2/2
Mr. W. M. R. S. Dias	2/2

### 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 scope 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	-	✓	✓

### Composition

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 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 two (02) virtual meetings during the period under review.

Nomination Committee	Meetings attended (out of 2)
Mr. T. de Zoysa (Chairman)	1/2
Mr. R. Theagarajah	2/2
Mr. D. C. R. Gunawardena	2/2
Mr. W. M. R. S. Dias	2/2

### 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)	-	✓	✓
Mr. R. Theagarajah	-	✓	✓
Mr. D. C. R. Gunawardena	-	✓	-
Mr. H. Selvanathan	✓	-	-
Mr. M. Selvanathan	✓	-	-
Mr. S. K. Shah	-	✓	-

### Composition

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

### 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 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 2022, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2022.

The details of the Related Party Transactions are given in Note 47 on page 206 to 208 of the Financial Statements.

### 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 2022 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

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

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. 1,470,000 was paid to them by the Company as audit fees for the year ended 31st March 2022 (2021 - Rs. 1,313,000 in addition they were paid Rs. 100,000 (2021 - Rs. 100,000) 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

The Company paid a first interim dividend of Rs.1/50 per Ordinary Share for the year ended 31st March 2022 as per the announcement made to the Colombo Stock Exchange on 8th September 2021.

The details of the said Dividend payment is given on page 142 of the Annual Report.

A first interim dividend of Rs. 1/50 per Ordinary Share was declared by the Board of Directors for the financial year ending 31st March 2023 and an announcement pertaining to same was made to the CSE on 27th June 2022. In accordance with Sri Lanka Accounting Standards LKAS 10 Events after the reporting period, this dividend has not been recognised as a liability in the Financial Statements as at 31st March 2022.

### SOLVENCY TEST

As required by Sec. 56(3) of the Companies Act, No. 7 of 2007, the Directors had signed the Solvency Statement confirming that the Board has reasonable grounds to believe that the Company would satisfy the Solvency Test immediately after the distribution is made pertaining to the First Interim Dividend of Rs. 1/50 per Ordinary share for the year ended 31st March 2022

As per Sec. 56(2) of the Companies Act, the Board had obtained a Certificate of Solvency from the Company's Auditors, KPMG, Chartered Accountants in relation to the said First Interim Dividend for the year ended 31st March 2022.

### STATED CAPITAL

The Stated Capital of the Company as at 31st March 2022 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 Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects of the COVID -19 pandemic on the significant assumptions that are sensitive or susceptible to change or are inconsistent with historical trends. The Group's businesses recorded a strong growth in profitability compared to previous year owing to the positive consumer sentiment, global commodity pricing and the effectiveness of business strategies adopted by the management.

In determining the basis of preparing the financial statements for the year ended 31st March 2022, based on available information, the management has assessed the prevailing uncertain and Volatile macro –economic environment and implications of COVID -19 pandemic conditions in Sri Lanka and its impact on the Group companies operating in Sri Lankan domain and the appropriateness of the use of the going concern basis.

Accordingly, the Group's Sri Lankan operations are expected to encounter numerous challenges in the form of subdued consumer demand and greater credit risk due to the potential loss of income of the customer base. Towards mitigating this risk, the Group procured adequate inventory to see through to next few months where applicable, adopted strict cost conservation methods, fast tracked local sourcing and secured funding lines to manage possible liquidity issues. Further, the Group treasury is deeply analysing the foreign exchange market and working closely with relevant financial institutions to overcome dollar liquidity challenges and take timely price revisions where relevant to mitigate the exposure of future rupee devaluation.

Based on these proactive analyses and actions plans, our operating model consisting of diversified businesses both regionally and industry wise, Group is confident that we are well placed. Therefore Group envisages no impact on the Group business continuity and expects to manage the above challenges effectively

Furthermore, with the information available as at present the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

### Disposal of subsidiary - Guardian Capital Partners PLC

The Group Subsidiary, Ceylon Guardian Investment Trust PLC (CGIT), on 28th October 2021, disposed of its entire holding of Guardian Capital Partners PLC (GCP), amounting to 21,692,800 ordinary shares or 83.97% equity stake of GCP held by CGIT to a nonrelated party, for a purchase consideration of Rs.32.30 per share through the trading floor of the Colombo Stock Exchange (CSE). The total consideration of the transaction was Rs.700,677,440. The Company via disclosure to the CSE on 28th October 2021 informed that GCP would no longer be considered as a subsidiary Company within the Carson Cumberbatch Group.

The Company accepted the mandatory offer made by the major shareholder of GCP on 19th November 2021 for the entire shareholding of 581,950 ordinary shares held by the Company in GCP at a price of Rs. 32/30 per share.

## CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The contingent liabilities and commitments made on account of capital expenditure as at 31st March 2022 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 2022 was 13,407 (31st March 2021 - 13,492). The Company had no employees as at 31st March 2022 (2021 - Nil).

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

### DONATIONS

The Group made no donations during the year under review (2021 - Rs. Nil). Company - Nil (2021- 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.

### EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than those 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	2022	%	2021	%
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	1,875,341	0.95	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	468,862	0.24	461,024	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 20th July 2022. 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 109th Annual General Meeting of the Company will be held on Monday, the 15th day of August 2022 at 9.00 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 pages 217 to 218 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

20th July 2022

# 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 2022, 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, 2022; 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 2022, 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 20th July 2022 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  
20th July 2022

# 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

The Members of the RPTRC are as follows:

RPTRC Members	Executive/Non-Executive/Independent
Mr.W.M.R.S. Dias (Chairman)	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	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

CCPLC-RPTRC held One (01) virtual Meeting in each calendar quarter and a total of Four (04) RPTRC Meetings were held during the financial year. In addition, the approval of the RPTRC Members were sought via 10 Circular Resolutions, as well as 12 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)	4/4
Mr.D.C.R. Gunawardena	4/4
Mr.H. Selvanathan	3/4
Mr.M. Selvanathan	4/4
Mr.S.K. Shah	4/4
Mr.R. Theagarajah	3/4

## 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 2021 to 31st March 2022 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

20th July 2022

# 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

## 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

The Audit Committee consists of the following Members:

Audit Committee Members	Executive/ Non-Executive/ Independent
Mr.A.S. Amaratunga (Chairman)	Non-Executive, Independent (CCPLC)
Mr.D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr.Y.H. Ong	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, Member of MAS Holdings-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 an Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Nominating Committee of Singapore Power Ltd. and Capitaland Group Pte Ltd. He has served as an Independent Director of United Overseas Bank Ltd., Singapore. Mr.Ong had also served at Ernst & Young, Singapore for 30 years and was involved in audit and financial advisory work.

## MEETINGS OF THE AUDIT COMMITTEE

As allowed by the CCPLC-Audit Committee Charter, CCPLC-Audit Committee held nineteen (19) virtual Meetings during the financial year and the attendance of the Members were as follows:

Audit Committee Members	Meetings (virtual) attended (out of 19)
Mr.A.S. Amaratunga (Chairman)	19/19
Mr.D.C.R. Gunawardena	19/19
Mr.Y.H. Ong	19/19

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 of 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. Committee also provides the opportunity to the External Auditors of the Company, as well as the External Auditors of the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC, to provide matters of importance via a private audience.

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. Also, to select the Company's External Auditors and implement a direct reporting relationship with them and ensuring their independence.

## 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 approval by the Board of Directors and 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 2022 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 them 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 taken.

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 2023, subject to the approval of the shareholders of Carson Cumberbatch PLC at the Annual General Meeting.

## Audit Committee Report

### 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 and Pearl Springs (Private) Limited 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

20th July 2022

# Independent Auditor's Report



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
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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 2022, 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 209 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 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

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

#### Key Audit Matters

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

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W. K. D. C. Abeyrathne FCA  
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M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
S. T. D. L. Perera FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA

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Ms. S.M.B. Jayasekara FCA  
G. A. U. Karunaratne FCA  
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A.M.R.P. Alahakoon ACA

**Principals:** S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, 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. 819 Mn for year ended 31st March 2022 and Group recorded revenue of Rs. 170,695 Mn for the year ended 31st March 2022.</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 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 2022 comprises FVTPL financial assets amounting to Rs. 8,769 Mn and FVOCI financial assets amounting to Rs. 9,662 Mn. As at the reporting date, the Group's FVTPL portfolio is made up of listed equity investments amounting to Rs.7,861 Mn, unlisted equity investments amounting to Rs.123 Mn, investment in Treasury Bonds Rs. 297 Mn and unit trust investments amounting to Rs. 488 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 prevailing uncertain and volatile macro-economic environment and implication of COVID-19 pandemic, volatility in the financial markets has increased. The Group has recorded a fair value loss of Rs.1,775 Mn, compared to the fair value gain of Rs.1,884 Mn recorded in the previous year.</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 the prevailing uncertain macro-economic environment and implication of COVID-19 outbreak, we considered valuation of FVTPL and FVOCI financial instruments as a Key Audit Matter.</p>	<p>Our audit procedures 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 Central Depository Systems (CDS) statements to verify the existence, completeness and accuracy of the number of quoted shares and agreeing the market price as of 31st March 2022 with the Colombo Stock Exchange (CSE) prices.</p> <p>Checking the number of units and the unit price as at 31st March 2022 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 2022;</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 Response
<p>Refer Note 5 (accounting policy) Note 19 and Note 22 to the Financial statements.</p> <p>As at the reporting date, Land and buildings carried at the fair value, classified as Property, Plant and equipment and Investment Properties amounted to Rs. 51,462 Mn and Rs. 5,064 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 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 the prevailing uncertain macro-economic environment and implication of 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. 791 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 50 in the Financial Statements describes the prevailing uncertain macro-economic environment and implication of COVID-19 outbreak to the current year financial statements and the possible effects of the future implications of the uncertain macro-economic environment and implication 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 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 statement

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 3707 (FCA).

CHARTERED ACCOUNTANTS  
Colombo, Sri Lanka

20 July 2022

# Income Statement

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2022	2021	2022	2021
<b>Continuing operations</b>					
Revenue	8	170,694,625	114,835,847	818,557	469,748
Direct operating expenses		(125,562,575)	(83,996,534)	-	-
Gross profit		45,132,050	30,839,313	818,557	469,748
Other income	9	1,649,731	1,773,557	-	-
Change in fair value of investment properties	22	578,208	61,318	-	-
Change in fair value of biological assets	21	3,347,692	531,357	-	-
Change in fair value of fair value through profit or loss financial assets	27	(1,775,689)	1,884,201	1,339	13,337
Distribution expenses		(7,715,399)	(6,606,392)	-	-
Administrative expenses		(11,164,003)	(8,684,553)	(78,575)	(83,262)
Other operating expenses	10	(1,014,423)	(579,998)	-	-
Impairment /Write offs of business assets	11	(1,076,698)	(609,342)	-	-
Foreign exchange gains/(losses)	12	957,438	1,855,241	(81,825)	(25,845)
Profit before net finance costs		28,918,907	20,464,702	659,496	373,978
Net finance costs	13	(6,510,915)	(6,142,137)	(146,213)	(242,755)
Share of net results of equity accounted investee	26	(34,831)	(18,776)	-	-
Profit before tax	14	22,373,161	14,303,789	513,283	131,223
<b>Income tax expenses</b>					
Current taxation	15	(6,285,295)	(4,023,947)	(1,154)	(4,590)
Deferred taxation	15	(1,436,801)	(474,610)	-	-
		(7,722,096)	(4,498,557)	(1,154)	(4,590)
Profit from continuing operations		14,651,065	9,805,232	512,129	126,633
<b>Discontinued operations</b>					
Loss from discontinued operations, (net of tax)	32	(39,889)	(109,995)	-	-
Gain on disposal of subsidiary	32	322,138	15,377	-	-
Net impact from discontinued operations, (net of tax)		282,249	(94,618)	-	-
Profit for the year		14,933,314	9,710,614	512,129	126,633

## Income Statement

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2022	2021	2022	2021
Profit/(loss) Attributable to:					
Owners of the Company					
Profit from continuing operations, (net of tax)		7,052,809	4,858,494	512,129	126,633
Profit/(loss) from discontinued operations, (net of tax)		301,663	(37,643)	-	-
		7,354,472	4,820,851	512,129	126,633
Non controlling interest					
Profit from continuing operations, (net of tax)		7,598,256	4,946,738		
Loss from discontinued operations, (net of tax)		(19,414)	(56,975)		
		7,578,842	4,889,763		
Basic earnings per share (Rs.)	16	37.45	24.55	2.61	0.64
Basic earnings per share - Continuing operations (Rs.)	16	35.91	24.74	2.61	0.64
Basic earnings/(loss) per share - Discontinued operations (Rs.)	16	1.54	(0.19)	-	-
Dividend Per ordinary share (Rs.)	18	1.50	0.75	1.50	0.75
Earnings before interest, tax, depreciation and amortisation (EBITDA)	17	33,901,555	23,552,154	-	-

The Notes from pages 99 to 209 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	
		2022	2021	2022	2021
Profit for the year		14,933,314	9,710,614	512,129	126,633
Other Comprehensive Income					
Items that are or may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		21,866,492	9,560,038	-	-
Loss on effective portion of changes in fair value of cash flow hedge	36	(153,228)	(115,458)	-	-
Share of other comprehensive income of equity accounted investee, (net of tax)	26	262,060	49,198	-	-
Items that will not be reclassified to profit or loss:					
Revaluation Surplus on Property, Plant & Equipment	19	1,664,950	540,061	-	-
Deferred tax expenses on revaluation surplus	15	(540,652)	(105,262)	-	-
Remeasurements of defined benefit obligation	40	223,720	(93,387)	-	-
Related tax on actuarial gain/(losses)	15	(57,436)	19,792	-	-
Equity investments at FVOCI – net change in fair value	27	854,725	3,999,853	(50,500)	1,214,907
Other comprehensive income/(expenses) for the year, (net of tax)		24,120,631	13,854,835	(50,500)	1,214,907
Total Comprehensive Income for the year		39,053,945	23,565,449	461,629	1,341,540
Total Comprehensive Income Attributable to:					
Owners of the Company		18,544,425	12,436,520	461,629	1,341,540
Non controlling interest		20,509,520	11,128,929	-	-
		39,053,945	23,565,449	461,629	1,341,540
Attributable to:					
Owners of the Company					
Total comprehensive income from continuing operations, (net of tax)		18,214,989	12,507,977	461,629	1,341,540
Total comprehensive income/(expenses) from discontinued operations, (net of tax)		329,436	(71,457)	-	-
		18,544,425	12,436,520	461,629	1,341,540
Non controlling interest					
Total comprehensive income from continuing operations, (net of tax)		20,504,629	11,215,494	-	-
Total comprehensive income/(expenses) from discontinued operations, (net of tax)		4,891	(86,565)	-	-
		20,509,520	11,128,929	-	-

The Notes from pages 99 to 209 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	
		2022	2021	2022	2021
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
Property, plant & equipment	19	89,107,866	66,716,482	-	-
Bearer Plants	20	48,310,946	33,854,400	-	-
Investment properties	22	5,064,410	4,479,466	-	-
Intangible assets	23	12,496,367	10,160,941	-	-
Investments in subsidiaries	24	-	-	9,346,217	9,307,670
Investments in equity accounted investee	26	884,625	658,796	-	-
Investment in equity and debt securities	27	9,662,407	8,807,682	5,359,331	5,219,864
Deferred tax assets	15	4,686,403	3,496,190	-	-
Other financial receivables	30	24,759	24,759	-	-
Other non financial receivables	30	14,116,007	9,441,434	-	-
<b>Total non - current assets</b>		<b>184,353,790</b>	<b>137,640,150</b>	<b>14,705,548</b>	<b>14,527,534</b>
<b>Current Assets</b>					
Inventories	29	21,135,274	10,265,113	-	-
Trade receivables	30	9,023,483	4,800,369	216,890	140,777
Other financial receivables	30	2,888,580	2,167,121	-	-
Other non financial receivables	30	10,569,914	8,947,733	7,323	5,454
Current tax recoverable	15	13,786	39,184	945	2,106
Investment in equity and debt securities	27	8,281,194	9,776,923	91,920	90,581
Investment in Unit trusts	28	488,035	198,153	-	-
Derivative financial instruments	36	494,583	190,638	-	-
Biological assets	21	7,364,627	2,372,008	-	-
Cash and cash equivalents	31	35,470,538	19,165,722	539,134	903,460
		95,730,014	57,922,964	856,212	1,142,378
Assets held for sale	32	1,101,602	1,511,098	-	-
<b>Total current assets</b>		<b>96,831,616</b>	<b>59,434,062</b>	<b>856,212</b>	<b>1,142,378</b>
<b>Total assets</b>		<b>281,185,406</b>	<b>197,074,212</b>	<b>15,561,760</b>	<b>15,669,912</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	3,850,136	3,135,934	287,552	287,552
Revenue reserves	35	52,063,389	34,947,758	11,453,983	11,279,531
Equity attributable to owners of the Company		57,028,177	39,198,344	12,856,187	12,681,735
Non-controlling interest	25	59,034,863	39,882,181	-	-
<b>Total equity</b>		<b>116,063,040</b>	<b>79,080,525</b>	<b>12,856,187</b>	<b>12,681,735</b>

(Amounts expressed in Sri Lankan Rs. '000)

As at 31st March	Note	Group		Company	
		2022	2021	2022	2021
<b>LIABILITIES</b>					
<b>Non - Current Liabilities</b>					
Loans and borrowings	37	72,425,014	54,319,018	560,417	343,750
Lease liabilities	38	482,828	503,093	-	-
Other financial payables	39	86,698	909,336	-	-
Other non financial liabilities	39	1,894,506	1,649,427	-	-
Derivative financial instruments	36	2,013,392	1,104,061	-	-
Deferred tax liabilities	15	14,266,058	10,254,060	-	-
<b>Total non - current liabilities</b>		<b>91,168,496</b>	<b>68,738,995</b>	<b>560,417</b>	<b>343,750</b>
<b>Current Liabilities</b>					
Trade payables	39	8,110,868	3,718,062	-	-
Other financial payables	39	17,478,231	12,666,718	295,900	211,249
Other non financial payables	39	6,272,949	2,106,608	-	-
Current tax liabilities	15	3,525,066	2,563,332	-	-
Derivative financial instruments	36	-	315,332	-	-
Loans and borrowings	37	38,016,643	27,421,397	1,849,256	2,433,178
Lease liabilities	38	550,113	463,243	-	-
<b>Total current liabilities</b>		<b>73,953,870</b>	<b>49,254,692</b>	<b>2,145,156</b>	<b>2,644,427</b>
<b>Total liabilities</b>		<b>165,122,366</b>	<b>117,993,687</b>	<b>2,705,573</b>	<b>2,988,177</b>
<b>Total equity and liabilities</b>		<b>281,185,406</b>	<b>197,074,212</b>	<b>15,561,760</b>	<b>15,669,912</b>
Net assets per ordinary share	41	290.39	199.60	65.46	64.58

The Notes from pages 99 to 209 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 20th July 2022.

(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	
Group					
Balance as at 31st March 2020	1,114,652	287,552	988,164	1,471,176	
Total comprehensive income					
Profit for the year (Note 8)	-	-	-	-	
Other Comprehensive Income/(expenses) for the year	-	-	389,042	-	
Total comprehensive Income/(expenses) for the year	-	-	389,042	-	
Transactions with owners of the Company					
Contributions and Distributions					
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	-	-	-	-	
Total Contributions by and distributions to owners	-	-	-	-	
Changes in ownership interests					
Dilution of equity interest in a subsidiary with change in control	-	-	-	-	
Total changes in ownership interests	-	-	-	-	
Balance as at 31st March 2021	1,114,652	287,552	1,377,206	1,471,176	
Total comprehensive income					
Profit for the year (Note 8)	-	-	-	-	
Other Comprehensive Income/(expenses) for the year	-	-	707,894	-	
Total comprehensive Income/(expenses) for the year	-	-	707,894	-	
Transactions with owners of the Company					
Contributions and Distributions					
Dividends on ordinary shares (Note 18)	-	-	-	-	
Dividends paid to Non-controlling Shareholders	-	-	-	-	
Forfeiture of unclaimed dividends	-	-	-	-	
Other reserves adjustments and transfer	-	-	-	-	
Re-purchase of subsidiary shares	-	-	-	-	
Total Contributions by and distributions to owners	-	-	-	-	
Changes in ownership interests					
Change in equity interest in a subsidiary without change in control	-	-	-	8,538	
Dilution of equity interest in a subsidiary with change in control	-	-	-	(2,230)	
Total changes in ownership interests	-	-	-	6,308	
Balance as at 31st March 2022	1,114,652	287,552	2,085,100	1,477,484	

(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
	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)	(56,002)	(43,658)	(99,660)
	-	(39,061)	-	-	(16,941)	(56,002)	(43,658)	(99,660)
	327,131	(2,761,581)	5,934,138	(166,523)	31,614,593	39,198,344	39,882,181	79,080,525
	-	-	-	-	7,354,472	7,354,472	7,578,842	14,933,314
	-	9,890,977	576,830	(81,717)	95,969	11,189,953	12,930,678	24,120,631
	-	9,890,977	576,830	(81,717)	7,450,441	18,544,425	20,509,520	39,053,945
	-	-	-	-	(294,580)	(294,580)	-	(294,580)
	-	-	-	-	-	-	(1,030,833)	(1,030,833)
	-	-	-	-	13,194	13,194	3,961	17,155
	-	-	-	-	(125,309)	(125,309)	28,962	(96,347)
	-	-	-	-	-	-	(65,646)	(65,646)
	-	-	-	-	(406,695)	(406,695)	(1,063,556)	(1,470,251)
	397	-	-	-	(147,581)	(138,646)	(112,350)	(250,996)
	1,069	-	-	-	(168,089)	(169,250)	(180,932)	(350,182)
	1,466	-	-	-	(315,670)	(307,896)	(293,282)	(601,178)
	328,597	7,129,396	6,510,968	(248,240)	38,342,668	57,028,178	59,034,863	116,063,041

## Statement of Change in Equity

(Amounts expressed in Sri Lankan Rs. '000)

	Stated Capital	Capital Accretion Reserve	FVOCI Reserve	Retained Earnings	Total Equity
Company					
Balance as at 31st March 2020	1,114,652	287,552	2,777,430	7,303,319	11,482,953
Total comprehensive income					
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)
Forfeiture of unclaimed dividends	-	-	-	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
Total comprehensive income					
Profit for the year	-	-	-	512,129	512,129
Transfer	-	-	(6,472)	6,472	-
Other Comprehensive expenses for the year	-	-	(50,500)	-	(50,500)
Total comprehensive income for the year	-	-	(56,972)	518,601	461,629
Ordinary dividend paid	-	-	-	(294,580)	(294,580)
Forfeiture of unclaimed dividends	-	-	-	7,403	7,403
Total Contributions by and distributions to owners	-	-	-	(287,177)	(287,177)
Balance as at 31st March 2022	1,114,652	287,552	3,935,365	7,518,618	12,856,187

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	
		2022	2021	2022	2021
<b>Cash flows from operating activities</b>					
Profit before income tax expenses from continuing operations		22,373,161	14,303,789	513,283	131,223
Loss before income tax expenses from discontinued operations	32	(36,434)	(105,025)	-	-
		22,336,727	14,198,764	513,283	131,223
<b>Adjustments for:</b>					
Change in fair value of biological assets	21	(3,347,692)	(531,357)	-	-
Gain from changes in fair value of investment properties	22	(578,208)	(61,318)	-	-
Mark to market value adjustments - unrealized	27	1,775,689	(1,884,201)	(1,339)	(13,337)
Impairment/ write off of business assets	11	1,076,698	609,342	-	-
Share of net results of equity accounted investee	26	34,831	18,776	-	-
Depreciation on property, plant & equipment	19	4,908,100	4,514,146	-	-
Depreciation on Bearer Plants	20	1,793,071	1,968,235	-	-
Amortization of intangible assets/prepaid lease payment	23	312,428	327,846	-	-
Provision for retiring gratuity	40	39,526	268,364	-	-
Plasma interest income	9	(788,514)	(680,557)	-	-
Finance expenses	13 & 32	6,533,228	6,199,517	146,213	242,755
Profit on disposal of property, plant & equipment	9	(63,620)	(7,239)	-	-
Gain on disposal of shares (re - purchase)		-	-	(65,129)	-
Profit from disposal of subsidiary		-	-	(2,212)	-
Net unrealised fair value (gain)/loss on RCPS derivative financial instruments	9	341,433	(178,554)	-	-
Unrealized (gain)/loss on Derivative financial instruments		(34,252)	21,503	-	-
Deposit liability write back	9	-	(181,518)	-	-
Provision for Inventories	29	1,003,956	25,668	-	-
Re classification of long - term loans	37	500,000	500,000	500,000	500,000
Exchange impact on translation of foreign operations		(2,998,452)	1,319,374	81,825	25,845
		10,508,223	12,248,027	659,358	755,263
		32,844,950	26,446,791	1,172,641	886,486
<b>Changes in</b>					
Inventories		(11,874,117)	(2,100,046)	-	-
Trade and other receivables		(5,019,114)	(1,911,505)	10,449	(12,370)
Amounts due from related companies		-	-	(18,700)	87,420
Trade and other payables		14,548,569	2,113,897	7,108	8,178
		30,500,288	24,549,137	1,171,498	969,714
Net cash movement in investments		(334,229)	372,660	-	6,889
Cash generated from operations		30,166,059	24,921,797	1,171,498	976,603
Interest paid		(6,511,719)	(6,957,656)	(147,624)	(246,309)
Income tax paid		(6,137,459)	(1,740,355)	-	-
Gratuity paid	40	(190,480)	(117,873)	-	-
<b>Net cash generated from operating activities</b>		<b>17,326,401</b>	<b>16,105,913</b>	<b>1,023,874</b>	<b>730,294</b>

## Statement of Cash Flow

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2022	2021	2022	2021
<b>Cash flows from investing activities</b>					
Payments for property, plant & equipment/investment property	Note A	(7,407,011)	(7,259,406)	-	-
Payments for bearer plant development costs	20	(290,095)	(154,251)	-	-
Payments for intangible assets	23	(119,402)	(57,962)	-	-
Payments for acquisition of additional interest in subsidiaries	24	(249,709)	-	(249,709)	-
Movement in non current VAT and other receivables		-	65,244	-	-
(Increase)/decrease in plasma investments		1,002,052	109,725	-	-
Net cash Inflow/(outflow) from disposal of a subsidiary		(68,475)	(40,564)	18,805	-
Proceeds from disposal of property, plant & equipment and bearer plants		770,796	122,005	-	-
Deposits received	39	403,086	384,194	-	-
Deposits refunded	39	(7,370)	-	-	-
<b>Net cash used in investing activities</b>		<b>(5,966,128)</b>	<b>(6,831,015)</b>	<b>(230,904)</b>	<b>-</b>
<b>Cash flows from financing activities</b>					
Proceeds from long - term loans	37	60,248	1,484,241	-	-
Settlement of borrowings	37	(5,411,523)	(3,841,471)	(183,333)	(31,250)
Proceeds from issuance of shares of subsidiary		-	1,052,311	-	-
Payment of finance lease creditors	38	(518,101)	(480,861)	-	-
Dividend paid to non - controlling shareholders by subsidiaries		(1,030,833)	(403,621)	-	-
Re-purchase of shares held by minority shareholders		(65,646)	-	-	-
Dividend paid by the Company		(291,453)	(145,252)	(291,453)	(145,252)
<b>Net cash used in financing activities</b>		<b>(7,257,308)</b>	<b>(2,334,653)</b>	<b>(474,786)</b>	<b>(176,502)</b>
<b>Net Increase in cash &amp; cash equivalents</b>		<b>4,102,964</b>	<b>6,940,245</b>	<b>318,184</b>	<b>553,792</b>
Cash & cash equivalents at the beginning of the year	31	1,019,780	(5,920,465)	(1,399,876)	(1,953,668)
Cash & cash equivalents at the end of the year	31	5,122,744	1,019,780	(1,081,692)	(1,399,876)
<b>Note A: Reconciliation of additions to property, plant and equipment</b>					
Addition of property, plant and equipment		5,391,946	8,981,475		
Less: Interest capitalised into property, plant and equipment		-	(380,447)		
Less: Addition of assets under finance lease		(430,342)	(521,148)		
Less: Mill supplier creditors/accruals		2,445,407	(820,474)		
		7,407,011	7,259,406		

The Notes from pages 99 to 209 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 2022 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 which is incorporated in Sri Lanka, 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 10 listed subsidiaries, listed on the Colombo Stock Exchange, out of the 50 subsidiaries, 1 Associate entity and 1 jointly controlled entity set out in Note 24 and 26 on pages 159 to 164 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 13,407 (2021 - 13,492) employees at the end of the financial year. The Company had no employees as at the reporting date (2021 - Nil).

The consolidated financial statements were authorised for issue by the Board of Directors on 06th July 2022.

## 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 / 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

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. In determining the basis of preparing the Financial Statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing uncertain and volatile macro-economic environment and implications of COVID-19 pandemic condition and its impact on the Group companies and the appropriateness of the use of the going concern basis. Furthermore, with the information available as at present the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis. Detailed disclosure is provided under Note 50 to the Financial Statements.

### 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

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

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.

## 3 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 measured at fair value less estimated costs to sell. The fair value of FFB is measured by reference to estimated FFB quantities and publicly available index price set by government. In determining the fair value of the FFB, the Company considers the estimated yield of the biological assets which is dependent on the age of the oil palm tree, 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.

### 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.

### 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.

(Amounts expressed in Sri Lankan Rs. '000)

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.

Use of valuation in accounting of derivative liability related to Redeemable Convertible Preference Shares

Goodhope Asia Holdings Ltd (GAHL) issued Redeemable Convertible Preference Shares (RCPS) to the Lender as part of this loan facility and representing 6.30% of the enlarged post-conversion share capital of the GAHL. RCPS holder has the option to convert to Ordinary Shares of the GAHL at any time during the term i.e. 6-years from issuance date of 3rd October 2019. RCPS has to be redeemed at the end of the term at a pre-determined amount and 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 the GAHL from time to time. The financial instrument is accounted as compound financial loan instrument with RCPS

#### 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.

#### 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 30 and 43 to these financial statements.

#### 4. 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.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 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 2022. 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.

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

(Amounts expressed in Sri Lankan Rs. '000)

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. 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

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

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 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 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

(Amounts expressed in Sri Lankan Rs. '000)

are reclassified on the first day of the first reporting period following the change in the business model.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the 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

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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 measured 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 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

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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.

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.

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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 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 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;

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- 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.

### 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 and 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-

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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

Property, Plant and Equipment	Oil Palm Plantation & Oils and fats	Beverage	Leisure	Other sectors
No of Years				
			Over the lease period	
Leasehold land	36 to 42	-	-	-
Land improvements	30	-	-	-
Buildings	20 – 42	2 – 50	2 – 50	-
Plant & machinery	5 – 27	3 – 22	3 – 15	5 – 27
Heavy equipment	10	-	-	-
Motor vehicles	4 – 6	4 – 5	4 – 5	4 – 5
Furniture, fittings & office Equipment	5 – 16	3 – 10	5 – 20	5 – 16
Computers	3 – 5	2 – 5	3 – 5	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.

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;

### 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 are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. 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, fertilising and maintenance,

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capitalisation 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 Plantations 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 25 years of the Mature Plantations and recognised in profit or loss. Carrying values of the Mature Plantations 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 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.

### 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 testing 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.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 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
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.

### 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.

(Amounts expressed in Sri Lankan Rs. '000)

## 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.

### 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.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

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.

### 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

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

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.

### Derivative financial instrument and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. The Group classifies its hedges as cash flow hedges, which hedges the exposure to variability in cash flows that is attributable to a highly probable forecast transaction. At inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

### 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.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised 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.

### Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the 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.

(Amounts expressed in Sri Lankan Rs. '000)

### Redeemable convertible preference share

The Group has issued a compound financial loan instrument, including a redeemable convertible preference share feature, which grants the holder the right to convert such preference shares to ordinary shares prior to the maturity of the instrument, as well as the right to redeem the preference shares on maturity for cash on non-conversion.

This instrument is accounted for as three separate components, namely the loan liability, the redeemable preference share liability as well as an embedded equity conversion derivative based on the terms of the contract.

On issuance, the embedded conversion option is recognised at its fair value as a derivative liability with subsequent changes in fair value recognised in profit or loss.

The remainder of the proceeds is allocated to the loan liability and redeemable preference share liability, which are carried at amortised cost until the liabilities are extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital

### 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:

	No of Years
Buildings	2 - 6
Motor vehicles	1 - 6
Heavy equipment	1 - 6

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.

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. (Note 38)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 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.

#### 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.

(Amounts expressed in Sri Lankan Rs. '000)

### 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.

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

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 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

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

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.

### 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.

### 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.

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.

(Amounts expressed in Sri Lankan Rs. '000)

## 7. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards are effective for the Company and the Group annual periods beginning after 1st April 2022 and earlier application is permitted; however, the Company and the Group has not early adopted the new or amended standards in preparing these financial statements.

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

- |   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1) Onerous contracts - Cost of fulfilling a contract (Amendments to LKAS 37) – The amendments apply for annual reporting periods beginning on or after 01 January 2022.</li> <li>2) Annual improvements to SLFRS Standards 2018- 2020 – The amendments are effective for annual reporting periods beginning on or after 01 January 2022</li> <li>3) Property, plant and equipment: Proceeds before Intended Use (Amendments to LKAS 16) – The amendment applies to annual reporting periods beginning on or after 01 January 2022.</li> <li>4) Reference to Conceptual Framework (Amendments to SLFRS 3) – The amendment applies to annual reporting periods beginning on or after 01 January 2022</li> <li>5) Classification of liabilities as current or non-current (Amendments to LKAS 1) – The amendment applies to annual reporting periods beginning on or after 01 January 2023</li> </ol> | <ol style="list-style-type: none"> <li>6) Disclosure of Accounting Policies (Amendments to LKAS 1)- The amendment applies to annual reporting periods beginning on or after 01 January 2023.</li> <li>7) Definition of Accounting Estimates (Amendments to LKAS 8)- The amendment applies to annual reporting periods beginning on or after 01 January 2023.</li> <li>8) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)- The amendment applies to annual reporting periods beginning on or after 01 January 2023.</li> </ol> |
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## 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	
	2022	2021	2022	2021
Gross Revenue	175,617,892	119,065,425	818,557	469,748
Taxes to the Government of Sri Lanka	(4,923,267)	(4,229,578)	-	-
Net Revenue	170,694,625	114,835,847	818,557	469,748
Revenue from contract with customers				
Sale of Goods	210,090,942	147,076,434	-	-
Investment income	6,547,165	1,694,329	818,557	469,748
Property rental income	282,287	280,420	-	-
Commission, support services fees & royalty fees	6,993,436	4,932,944	-	-
Hospitality services	386,495	197,879	-	-
	14,209,383	7,105,572	818,557	469,748
Net revenue before intra - group transactions	224,300,325	154,182,006	818,557	469,748
Less: Intra - group transactions	(53,605,700)	(39,346,159)	-	-
Net Revenue	170,694,625	114,835,847	818,557	469,748

#### 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, India and Mauritius. 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)

<b>8 REVENUE (Contd.)</b>						
<b>(iii) Operating segments - Information about reportable segments</b>						
<b>(a) Primary/Business segmentation</b>						
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.						
	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations	
For the year ended 31st March	2022	2021	2022	2021	2022	2021
Total revenue	818,557	469,748	1,409,246	1,809,517	114,584,744	72,656,533
Intra segment revenue	-	-	(254,136)	(215,289)	(48,364,794)	(35,902,821)
Segment revenue	818,557	469,748	1,155,110	1,594,228	66,219,950	36,753,712
Inter segment revenue	(799,361)	(415,341)	-	-	(805,667)	(479,965)
Revenue	19,196	54,407	1,155,110	1,594,228	65,414,283	36,273,747
Profit/(loss) from operations	(59,379)	(28,854)	945,601	1,396,641	19,024,560	9,371,948
Other material non-cash items						
Foreign exchange gains /(losses)	(81,825)	(25,845)	56	122	273,920	1,462,871
Change in fair value of business assets	1,339	13,337	(1,779,147)	1,869,851	3,347,692	531,357
Impairment of business assets	-	-	-	-	(613,120)	-
	(139,865)	(41,362)	(833,490)	3,266,614	22,033,052	11,366,176
Net Finance cost	(146,213)	(242,755)	7,528	(59,089)	(5,460,217)	(4,792,361)
Share of net results of equity accounted investee	-	-	(805)	2,805	-	-
Profit/(loss) before Income tax expenses	(286,078)	(284,117)	(826,767)	3,210,330	16,572,835	6,573,815
Income tax expenses						
Current taxation	(1,194)	(4,590)	(85,303)	(55,137)	(3,743,117)	(2,014,495)
Deferred taxation	-	-	305	(1,624)	(1,553,196)	(541,883)
	(1,194)	(4,590)	(84,998)	(56,761)	(5,296,313)	(2,556,378)
Profit/(loss) from continuing operations	(287,272)	(288,707)	(911,765)	3,153,569	11,276,522	4,017,437
Discontinued operation	-	-	-	-	-	-
Profit/(loss) from discontinued operation, net of tax	-	-	333,340	94,592	-	-
Profit/(loss) for the year	(287,272)	(288,707)	(578,425)	3,248,161	11,276,522	4,017,437
Attributable to:						
Owners of the Company	(287,272)	(288,707)	(177,358)	1,892,763	5,524,451	1,904,833
Non controlling interest	-	-	(401,067)	1,355,398	5,752,071	2,112,604
	(287,272)	(288,707)	(578,425)	3,248,161	11,276,522	4,017,437
Earnings/(loss) per ordinary share (Rs.)	(1.46)	(1.47)	(0.90)	9.64	28.13	9.70
<b>(b) Summarised statement of cash flows</b>						
Cash flows from/(used in) operating activities	1,023,874	730,294	518,706	1,025,567	15,874,518	4,783,789
Cash flows from/(used in) investing activities	(230,904)	-	46	2,440	(4,454,713)	(4,015,998)
Cash flows from/(used in) financing activities	(474,786)	(176,502)	(551,731)	(1,065,338)	(4,057,640)	(1,255,146)
Net increase/(decrease) in cash and cash equivalents	318,184	553,792	(32,979)	(37,331)	7,362,165	(487,355)
<b>(c) Other Information</b>						
Total cost incurred during the year to acquire Property, plant & equipment, Bearer Plants, Investments properties	-	-	1,532	1,384	3,272,767	7,700,302
Intangible assets (including land rights)	-	-	-	-	86,028	30,136
Depreciation	-	-	1,326	884	4,477,672	4,523,528
Amortization of intangible assets (including land rights)	-	-	4,446	4,444	291,795	295,574
Salaries, fees, wages and related expenses	31,078	20,994	72,485	71,211	9,729,534	7,750,019
Defined benefit plan expenses/Gratuity	-	-	1,568	3,085	13,725	201,687

(Amounts expressed in Sri Lankan Rs. '000)

	Oils & Fats		Beverage		Real Estate		Leisure		Management Services		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
		44,242,476	25,909,600	61,988,688	52,297,435	282,287	280,420	386,075	197,879	588,252	560,874	224,300,325
	(280,207)	(269,872)	(1,627,445)	(1,125,281)	-	-	-	-	-	-	(50,526,582)	(37,513,263)
	43,962,269	25,639,728	60,361,243	51,172,154	282,287	280,420	386,075	197,879	588,252	560,874	173,773,743	116,668,743
	(869,014)	(367,981)	-	-	(32,508)	(24,937)	-	-	(572,568)	(544,672)	(3,079,118)	(1,832,896)
	43,093,255	25,271,747	60,361,243	51,172,154	249,779	255,483	386,075	197,879	15,684	16,202	170,694,625	114,835,847
	935,112	560,461	6,019,540	5,481,950	158,207	172,426	(142,414)	(206,112)	6,729	(6,533)	26,887,956	16,741,927
	152,267	374,038	607,414	44,055	-	-	5,606	-	-	-	957,438	1,855,241
	-	-	160,231	-	420,096	62,331	-	-	-	-	2,150,211	2,476,876
	-	-	(463,578)	(609,342)	-	-	-	-	-	-	(1,076,698)	(609,342)
	1,087,379	934,499	6,323,607	4,916,663	578,303	234,757	(136,808)	(206,112)	6,729	(6,533)	28,918,907	20,464,702
	(473,983)	(423,989)	(438,413)	(632,156)	11,635	11,798	(12,130)	(2,342)	878	(1,243)	(6,510,915)	(6,142,137)
	(34,026)	(21,581)	-	-	-	-	-	-	-	-	(34,831)	(18,776)
	579,370	488,929	5,885,194	4,284,507	589,938	246,555	(148,938)	(208,454)	7,607	(7,776)	22,373,161	14,303,789
	(28,248)	(1,008)	(2,375,052)	(1,893,512)	(42,557)	(46,276)	-	(3,714)	(9,824)	(5,215)	(6,285,295)	(4,023,947)
	(115,968)	(176,757)	311,651	43,511	(100,697)	169,212	20,823	32,079	281	852	(1,436,801)	(474,610)
	(144,216)	(177,765)	(2,063,401)	(1,850,001)	(143,254)	122,936	20,823	28,365	(9,543)	(4,363)	(7,722,096)	(4,498,557)
	435,154	311,164	3,821,793	2,434,506	446,684	369,491	(128,115)	(180,089)	(1,936)	(12,139)	14,651,065	9,805,232
	(51,091)	(189,210)	-	-	-	-	-	-	-	-	282,249	(94,618)
	384,063	121,954	3,821,793	2,434,506	446,684	369,491	(128,115)	(180,089)	(1,936)	(12,139)	14,933,314	9,710,614
	141,473	16,390	1,837,344	1,115,799	433,048	353,957	(115,278)	(162,045)	(1,936)	(12,139)	7,354,472	4,820,851
	242,590	105,564	1,984,449	1,318,707	13,636	15,534	(12,837)	(18,044)	-	-	7,578,842	4,889,763
	384,063	121,954	3,821,793	2,434,506	446,684	369,491	(128,115)	(180,089)	(1,936)	(12,139)	14,933,314	9,710,614
	0.72	0.08	9.36	5.68	2.21	1.80	(0.59)	(0.83)	(0.01)	(0.06)	37.45	24.55
	250,444	1,084,745	4,990,359	5,650,184	78,406	77,604	(48,375)	(115,327)	8,442	71,812	17,326,401	16,105,913
	(227,105)	(140,625)	(1,057,948)	(157,919)	119,966	(77,592)	81,065	(14,693)	(6,684)	(4,627)	(5,966,128)	(6,831,015)
	(628,690)	(611,060)	(1,216,479)	(8,025,983)	(63,489)	(172,621)	42,086	37,753	(24,935)	(39,176)	(7,257,308)	(2,334,653)
	(605,351)	333,059	2,715,932	(2,533,718)	134,883	(172,609)	74,776	(92,267)	(23,177)	28,009	4,102,964	6,940,245
	230,350	190,096	2,133,737	1,210,596	10,666	21,828	25,361	6,514	7,628	5,006	5,682,041	9,135,726
	25,917	629	7,457	27,197	-	-	-	-	-	-	119,402	57,962
	502,176	453,763	1,603,143	1,393,754	7,619	7,078	89,863	83,622	19,372	19,752	6,701,171	6,482,381
	3,311	19,864	12,360	7,437	-	-	336	336	180	191	312,428	327,846
	1,502,152	1,137,190	1,160,328	994,630	58,925	45,853	145,442	116,074	432,649	428,082	13,132,593	10,564,053
	1,068	-	14,848	43,030	207	737	1,960	5,385	6,150	14,440	39,526	268,364

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

8 REVENUE (Contd.)	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations	
	2022	2021	2022	2021	2022	2021
For the year ended 31st March						
<b>(d) SEGMENT ASSETS</b>						
Non - Current Assets						
Fixed assets*	-	-	2,747	2,541	101,577,220	70,358,475
Intangible assets (Including land rights)	-	-	185,333	189,779	9,776,389	7,130,748
Financial assets measured at fair value through other comprehensive income / equity accounted investee	2,268,862	2,068,161	7,443,581	6,791,633	-	-
Deferred tax assets	-	-	1,359	2,447	4,600,710	3,450,091
Other financial receivables	-	-	-	-	-	-
Other non financial receivables	-	-	-	-	14,116,007	9,441,434
Total non - current assets	2,268,862	2,068,161	7,633,020	6,986,400	130,070,326	90,380,748
Current Assets						
Inventories/biological assets	-	-	-	-	15,933,006	5,176,264
Trade debtors and other financial assets	75	10,158	174,645	208,388	4,716,163	2,559,377
Other non financial receivables	9,071	8,364	36,589	77,215	8,098,251	7,471,993
Financial assets measured at fair value through profit or loss	91,920	90,581	8,568,099	9,862,924	348,975	190,596
Cash and cash equivalents	539,134	903,460	3,733,300	2,491,466	16,162,406	4,063,252
Total current assets	640,200	1,012,563	12,512,633	12,639,993	45,258,801	19,461,482
Assets held for sale	-	-	-	787,937	-	-
Total segmental assets	2,909,062	3,080,724	20,145,653	19,626,393	175,329,127	109,842,230
SEGMENT LIABILITIES						
Non - Current Liabilities						
Loans and borrowings	560,417	343,750	-	-	66,748,086	48,300,400
Other financial payables	-	-	-	-	2,013,392	1,924,535
Other non financial liabilities	-	-	8,381	12,615	1,621,485	1,272,218
Deferred tax liabilities	-	-	-	-	6,579,314	3,431,912
Total non - current liabilities	560,417	343,750	8,381	12,615	76,962,277	54,929,065
Current Liabilities						
Trade and other financial liabilities	295,900	211,249	154,227	110,518	20,017,634	11,711,676
Loans and borrowings	1,849,256	2,433,178	67,428	217,831	20,355,776	11,982,433
Total current liabilities	2,145,156	2,644,427	221,655	328,349	40,373,410	23,694,109
Total segmental liabilities	2,705,573	2,988,177	230,036	340,964	117,335,687	78,623,174

\*Fixed assets include Property, Plant and Equipments, Bearer Plants, Right of use Assets and Investment Properties.

(Amounts expressed in Sri Lankan Rs. '000)

	Oils & Fats		Beverage		Real Estate		Leisure		Management Services		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	11,726,012	8,179,474	21,428,837	19,595,768	5,001,752	4,554,195	2,705,504	2,306,999	41,150	52,896	142,483,222	105,050,348
	1,441,331	1,276,476	1,064,372	1,534,480	27,584	27,584	1,008	1,344	350	530	12,496,367	10,160,941
	834,590	606,684	-	-	-	-	-	-	-	-	10,547,033	9,466,478
	68,688	-	1,547	23,860	-	-	-	-	14,099	19,792	4,686,403	3,496,190
	-	-	-	-	-	-	24,759	24,759	-	-	24,759	24,759
	-	-	-	-	-	-	-	-	-	-	14,116,007	9,441,434
	14,070,621	10,062,634	22,494,756	21,154,108	5,029,336	4,581,779	2,731,271	2,333,102	55,599	73,218	184,353,790	137,640,150
	7,940,939	3,656,568	4,603,050	3,785,666	-	-	22,777	18,515	129	108	28,499,901	12,637,121
	5,961,052	3,259,162	938,113	837,426	71,026	64,238	50,947	28,549	42	192	11,912,063	6,967,490
	823,305	309,909	1,467,460	962,915	115,348	111,310	8,221	5,628	25,455	39,582	10,583,700	8,986,917
	145,867	-	-	-	95,954	5,343	12,997	16,270	-	-	9,263,812	10,165,714
	1,456,340	1,390,255	13,111,381	9,698,556	303,652	409,736	116,196	137,691	48,129	71,306	35,470,538	19,165,722
	16,327,503	8,615,894	20,120,004	15,284,563	585,980	590,627	211,138	206,653	73,755	111,188	95,730,014	57,922,964
	1,101,602	723,161	-	-	-	-	-	-	-	-	1,101,602	1,511,098
	31,499,726	19,401,689	42,614,760	36,438,671	5,615,316	5,172,406	2,942,409	2,539,755	129,354	184,406	281,185,406	197,074,212
	3,564,665	2,960,308	1,871,108	3,080,487	-	-	163,566	137,166	-	-	72,907,842	54,822,111
	-	-	-	-	86,698	88,862	-	-	-	-	2,100,090	2,013,397
	1,584	-	182,997	243,170	2,730	4,448	15,728	28,783	61,601	88,193	1,894,506	1,649,427
	1,126,386	568,289	5,260,140	5,106,714	1,032,972	925,479	267,246	221,666	-	-	14,266,058	10,254,060
	4,692,635	3,528,597	7,314,245	8,430,371	1,122,400	1,018,789	446,540	387,615	61,601	88,193	91,168,496	68,738,995
	5,384,718	2,407,107	9,178,721	6,500,263	132,860	198,186	120,180	94,617	102,874	136,436	35,387,114	21,370,052
	10,134,100	8,510,662	6,007,268	4,600,394	-	21,006	152,928	119,136	-	-	38,566,756	27,884,640
	15,518,818	10,917,769	15,185,989	11,100,657	132,860	219,192	273,108	213,753	102,874	136,436	73,953,870	49,254,692
	20,211,453	14,446,366	22,500,234	19,531,028	1,255,260	1,237,981	719,648	601,368	164,475	224,629	165,122,366	117,993,687

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

8 REVENUE (Contd.)	Sri Lanka		Malaysia	
	2022	2021	2022	2021
<b>(iv) Operating segments - Information about reportable segments</b>				
<b>(a) Secondary/Geographical segments</b>				
For the year ended 31st March				
Revenue	60,970,524	53,315,030	44,009,653	25,271,746
Profit/(loss) from operations	6,985,008	6,801,454	936,058	561,136
Other material non-cash items				
Foreign exchange gains/(losses)	669,951	41,282	164,133	344,790
Change in fair value of business assets	(1,197,481)	1,945,519	-	-
Impairment of business assets	(463,578)	(609,342)	-	-
Profit/(loss) from operations	5,993,900	8,178,913	1,100,191	905,926
Net Finance cost	(583,315)	(933,770)	(473,886)	(423,842)
Share of net results of equity accounted investee	(805)	2,805	(34,026)	(21,581)
Profit/(loss) before Income tax expenses	5,409,780	7,247,948	592,279	460,503
Income tax expenses				
Current taxation	(2,514,844)	(2,011,117)	(28,402)	(1,055)
Deferred taxation	232,363	249,111	(115,968)	(176,756)
	(2,282,481)	(1,762,006)	(144,370)	(177,811)
Profit/(loss) from continuing operations	3,127,299	5,485,942	447,909	282,692
Discontinued operation				
Profit/(loss) from discontinued operation, net of tax	333,340	94,592	-	-
Profit/(loss) for the year	3,460,639	5,580,534	447,909	282,692
<b>(b) Other Information</b>				
Total cost incurred during the year to acquire Property, plant & equipment, Bearer Plants, Investments properties	2,186,954	1,247,580	230,351	190,096
Intangible assets (including land rights)	17,384	49,083	25,918	629
Depreciation	1,727,788	1,520,905	502,175	453,763
Amortization of intangible assets (including land rights)	43,733	40,018	3,311	19,864
Salaries, fees, wages and related expenses	2,359,100	2,083,697	1,502,152	1,121,535
Defined benefit plan expenses/Gratuity	33,061	74,063	-	-

(Amounts expressed in Sri Lankan Rs. '000)

	Indonesia		Singapore		Mauritius		Discontinued operations India		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
		65,602,359	36,193,074	98,513	49,278	13,576	6,719	-	-	170,694,625
	18,150,875	8,661,505	841,193	726,743	(25,178)	(8,911)	-	-	26,887,956	16,741,927
	125,377	289,083	(2,023)	1,180,086	-	-	-	-	957,438	1,855,241
	3,347,692	531,357	-	-	-	-	-	-	2,150,211	2,476,876
	(613,120)	-	-	-	-	-	-	-	(1,076,698)	(609,342)
	21,010,824	9,481,945	839,170	1,906,829	(25,178)	(8,911)	-	-	28,918,907	20,464,702
	(2,658,577)	(2,206,909)	(2,806,806)	(2,586,470)	11,669	8,854	-	-	(6,510,915)	(6,142,137)
	-	-	-	-	-	-	-	-	(34,831)	(18,776)
	18,352,247	7,275,036	(1,967,636)	(679,641)	(13,509)	(57)	-	-	22,373,161	14,303,789
	(3,340,099)	(2,011,775)	(401,644)	-	(306)	-	-	-	(6,285,295)	(4,023,947)
	(1,553,196)	(546,965)	-	-	-	-	-	-	(1,436,801)	(474,610)
	(4,893,295)	(2,558,740)	(401,644)	-	(306)	-	-	-	(7,722,096)	(4,498,557)
	13,458,952	4,716,296	(2,369,280)	(679,641)	(13,815)	(57)	-	-	14,651,065	9,805,232
	-	-	-	-	-	-	(51,091)	(189,210)	282,249	(94,618)
	13,458,952	4,716,296	(2,369,280)	(679,641)	(13,815)	(57)	(51,091)	(189,210)	14,933,314	9,710,614
	3,185,050	7,698,050	79,686	-	-	-	-	-	5,682,041	9,135,726
	76,100	6,002	-	2,248	-	-	-	-	119,402	57,962
	4,447,182	4,472,250	24,026	35,463	-	-	-	-	6,701,171	6,482,381
	265,384	267,964	-	-	-	-	-	-	312,428	327,846
	8,426,739	7,021,380	781,021	321,786	-	-	63,581	15,655	13,132,593	10,564,053
	5,397	194,301	-	-	-	-	1,068	-	39,526	268,364

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

8 REVENUE (Contd.)	(c) Segments Assets/Liabilities are as follows:			
	Sri Lanka		Malaysia	
For the year ended 31st March	2022	2021	2022	2021
<b>Segment Assets</b>				
<b>Non - Current Assets</b>				
Fixed assets*	29,189,171	26,524,326	11,726,011	8,179,473
Intangible assets (Including land rights)	1,335,524	1,829,484	1,441,331	1,276,476
Financial assets measured at fair value through other comprehensive income/equity accounted investee	9,712,444	8,859,795	834,590	606,683
Deferred tax assets	17,005	46,100	68,688	-
Other financial receivables	24,759	24,759	-	-
Other non financial receivables	-	-	-	-
<b>Total non - current asset</b>	<b>40,278,903</b>	<b>37,284,464</b>	<b>14,070,620</b>	<b>10,062,632</b>
<b>Current Assets</b>				
Inventories/Biological assets	4,625,955	3,804,289	7,312,463	3,559,448
Trade debtors and other financial assets	1,204,852	1,151,832	5,816,311	3,175,104
Other non financial receivables	1,730,300	1,239,476	728,941	249,776
Financial assets measured at fair value trough profit or loss	8,020,028	9,619,358	145,867	-
Cash and cash equivalents	18,001,752	13,573,270	906,587	1,080,903
<b>Total current assets</b>	<b>33,582,887</b>	<b>29,388,225</b>	<b>14,910,169</b>	<b>8,065,231</b>
Assets held for sales	-	787,937	-	-
<b>Total segmental assets</b>	<b>73,861,790</b>	<b>67,460,626</b>	<b>28,980,789</b>	<b>18,127,863</b>
<b>SEGMENT LIABILITIES</b>				
<b>Non - Current Liabilities</b>				
Loans and borrowings	2,595,091	3,561,404	3,564,665	2,960,308
Other financial payables	86,698	88,862	-	-
Other non financial liabilities	306,819	405,939	-	-
Deferred tax liabilities	6,560,356	6,253,859	1,126,386	568,289
<b>Total non - current liabilities</b>	<b>9,548,964</b>	<b>10,310,064</b>	<b>4,691,051</b>	<b>3,528,597</b>
<b>Current Liabilities</b>				
Trade and other financial liabilities	10,319,775	7,458,423	5,345,053	2,369,581
Loans and borrowings	8,076,880	7,391,546	10,134,235	6,389,996
<b>Total current liabilities</b>	<b>18,396,655</b>	<b>14,849,969</b>	<b>15,479,288</b>	<b>8,759,577</b>
<b>Total segmental liabilities</b>	<b>27,945,619</b>	<b>25,160,033</b>	<b>20,170,339</b>	<b>12,288,174</b>
*Fixed assets include Property, Plant and Equipments, Bearer Plants, Right of use Assets and Investment Properties.				

(Amounts expressed in Sri Lankan Rs. '000)

	Indonesia		Singapore		Mauritius		Discontinued operations India		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	101,421,214	70,300,937	146,826	45,612	-	-	-	-	142,483,222	105,050,348
	9,716,010	7,052,599	3,502	2,382	-	-	-	-	12,496,367	10,160,941
	-	-	-	-	-	-	-	-	10,547,032	9,466,478
	4,600,710	3,450,090	-	-	-	-	-	-	4,686,403	3,496,190
	-	-	-	-	-	-	-	-	24,759	24,759
	14,116,007	9,441,434	-	-	-	-	-	-	14,116,007	9,441,434
	129,853,941	90,245,060	150,328	47,994	-	-	-	-	184,353,790	137,640,150
	15,933,006	5,176,264	-	-	-	-	628,477	97,120	28,499,901	12,637,121
	4,709,923	2,551,433	2,446	5,063	33,790	-	144,741	84,058	11,912,063	6,967,490
	7,995,334	7,373,375	34,033	16,038	1,287	48,526	93,805	59,726	10,583,700	8,986,917
	-	-	348,975	190,638	748,942	355,718	-	-	9,263,812	10,165,714
	11,650,772	1,469,027	3,846,980	2,234,213	523,153	496,838	541,294	311,471	35,470,538	19,165,722
	40,289,035	16,570,099	4,232,434	2,445,952	1,307,172	901,082	1,408,317	552,375	95,730,014	57,922,964
	-	-	-	-	-	-	1,101,602	723,161	1,101,602	1,511,098
	170,142,976	106,815,159	4,382,762	2,493,946	1,307,172	901,082	2,509,919	1,275,536	281,185,406	197,074,212
	42,774,604	30,985,077	23,973,482	17,315,322	-	-	-	-	72,907,842	54,822,111
	-	820,474	2,013,392	1,104,061	-	-	-	-	2,100,090	2,013,397
	1,586,103	1,243,488	-	-	-	-	1,584	-	1,894,506	1,649,427
	6,579,316	3,431,912	-	-	-	-	-	-	14,266,058	10,254,060
	50,940,023	36,480,951	25,986,874	18,419,383	-	-	1,584	-	91,168,496	68,738,995
	18,552,307	10,861,844	1,122,130	637,180	7,932	5,920	39,917	37,104	35,387,114	21,370,052
	3,044,847	1,918,428	17,310,794	10,064,004	-	-	-	2,120,666	38,566,756	27,884,640
	21,597,154	12,780,272	18,432,924	10,701,184	7,932	5,920	39,917	2,157,770	73,953,870	49,254,692
	72,537,177	49,261,223	44,419,798	29,120,567	7,932	5,920	41,501	2,157,770	165,122,366	117,993,687

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

9 OTHER INCOME	Group	
	2022	2021
For the year ended 31st March		
Gain/(Loss) on disposal of fixed assets:		
Beverage	4,158	3,995
Oil Palm Plantations	60,303	3,244
Leisure	(906)	-
Management Services	65	-
	63,620	7,239
Net unrealised fair value gain on RCPS derivative financial instruments	-	178,554
Unrealised fair value gain on derivative financial instruments	34,252	-
Plasma management fee	87,782	73,185
Plasma interest income	788,514	680,557
Sale of Roundtable on Sustainable Palm Oil certificate	8,614	27,350
Sale of sludge Oil	73,216	192,884
Deposit liability write back	-	181,518
Scrap sales	69,939	32,443
Bulking rental income	69,119	4,904
Income from Co2 Sale	88,372	75,420
Sundry income	366,303	319,503
	1,649,731	1,773,557

## 10 OTHER OPERATING EXPENSES

10 OTHER OPERATING EXPENSES	Group	
	2022	2021
For the year ended 31st March		
Amortisation of Customer Relationship	-	17,440
Unrealised fair value loss on derivative financial instruments	-	21,503
Net unrealised fair value loss on RCPS derivative financial instruments	341,433	-
Other operating expenses	672,990	541,055
	1,014,423	579,998

(Amounts expressed in Sri Lankan Rs. '000)

## 11 IMPAIRMENT OF BUSINESS ASSETS

For the year ended 31st March	Group	
	2022	2021
Brands (Note 23(d))	463,578	449,084
Property, plant & equipment	-	160,258
Write off's of PPE and advances for capital expenditures	613,120	-
	1,076,698	609,342

## 12 FOREIGN EXCHANGE GAINS/(LOSSES)

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
Foreign exchange gains/(losses)	957,438	1,855,241	(81,825)	(25,845)

### (a) Company

As at 31st March 2022, the Company recorded a foreign exchange loss amounting to Rs.81.82 Mn (2021 - loss of Rs. 25.84 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 2022, Goodhope Asia Holding Limited group recorded a foreign exchange gain of Rs 426.18 Mn (2021 - Rs. 1,836 Mn). The unrealized exchange gain mainly arose from the translation of US dollar 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 2022 was IDR 14,349 which is a 1.5.% appreciation compared to the closing exchange rate that prevailed as at 31st March, 2021 which was 14,572.

## 13 NET FINANCE COSTS

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
Finance income from:				
Interest income - Fixed Deposits	635,966	590,677	-	-
Interest income - Other Deposits	105,357	136,527	-	-
Total finance income	741,323	727,204	-	-
Finance Costs on:				
Bank borrowings	(7,134,022)	(7,116,562)	(146,213)	(242,755)
Unwinding of interest on refundable deposits	(6,276)	(8,220)	-	-
Interest expenses on lease liabilities	(111,940)	(125,006)	-	-
	(7,252,238)	(7,249,788)	(146,213)	(242,755)
Less: Amount capitalized under				
Property, plant and equipment	-	(380,447)	-	-
	-	(380,447)	-	-
Total finance costs	(7,252,238)	(6,869,341)	(146,213)	(242,755)
Net Finance costs	(6,510,915)	(6,142,137)	(146,213)	(242,755)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

14 PROFIT/(LOSS) BEFORE INCOME TAX EXPENSES	Group		Company	
	2022	2021	2022	2021
For the year ended 31st March				
Profit/(loss) before tax has been arrived at after charging				
Auditors' remuneration and other professional services (Note b)	128,184	80,382	3,619	1,413
Professional services (Note c)	343,191	238,496	8,375	12,055
Personnel costs (Note d)	13,172,119	10,832,417	31,078	20,994
Audit committee fees	1,680	2,940	1,680	2,940
Remuneration committee Fees	200	200	200	200
Nomination committee Fees	250	250	200	200
Related Party Transaction Review Committee fees	1,125	900	1,125	900
Donations	-	15,500	-	15,500
Royalty paid to the Carlsberg A/S	123,557	142,792	-	-
Research and development costs	97,217	79,613	-	-
Depreciation on property, plant and equipment, bearer plants	6,701,171	6,482,381	-	-
Amortization of intangible assets and prepaid lease payment for land	312,428	327,846	-	-
Total depreciation and amortization included in the income statement (Note a)	7,013,599	6,810,227	-	-
<b>(a) Depreciation and amortization are included in the income statement under the following headings</b>				
Direct operating expenses	5,002,608	4,740,054	-	-
Administrative expenses	1,337,648	2,002,836	-	-
Distribution expenses	673,343	67,337	-	-
	7,013,599	6,810,227	-	-
<b>(b) Auditors' Remuneration and other professional services</b>				
Fees payable to KPMG for the audit of annual accounts of Carson Cumberbatch PLC	1,470	1,313	1,470	1,313
Fees payable to KPMG for the audit of subsidiaries of Carson Cumberbatch PLC	10,123	8,936	-	-
Fees payable to other Auditors for the audit of Subsidiaries of Carson Cumberbatch PLC	76,502	67,715	-	-
Total statutory audit fees	88,095	77,964	1,470	1,313
Non audit services				
Advisory/compliance services - (Other Auditors)	38,147	-	2,049	-
Advisory services - (KPMG Sri Lanka)	1,237	1,844	-	-
	39,384	1,844	2,049	-
Audit related services				
KPMG Sri Lanka	705	574	100	100
Other Auditors	-	-	-	-
	705	574	100	100
	128,184	80,382	3,619	1,413

(Amounts expressed in Sri Lankan Rs. '000)

#### 14 PROFIT/(LOSS) BEFORE INCOME TAX EXPENSES (Contd.)

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
<b>(c) Professional Services</b>				
Legal services	48,996	41,775	8,375	12,055
Valuation services	43,141	29,903	-	-
Consultation fees	1,290	2,451	-	-
Plantation consultant services	167,157	47,532	-	-
Other services	82,607	116,835	-	-
	343,191	238,496	8,375	12,055
<b>(d) Personnel Costs</b>				
Salaries, fees, wages and other related expenses	12,311,598	9,878,999	31,078	20,994
Defined contribution plan expenses - EPF & ETF	820,995	685,054	-	-
Defined benefit plan expenses - Gratuity (Note 40)	39,526	268,364	-	-
	13,172,119	10,832,417	31,078	20,994
The above include:				
Directors' fees	65,476	46,841	31,078	20,994
Directors' emoluments	1,304,101	964,943	-	-
	1,369,577	1,011,784	31,078	20,994

#### (e) The number of employees during the year were:

	Group			
	2022		2021	
	Year end	Average	Year end	Average
<b>Employee by Industry</b>				
Portfolio and assets management	24	24	23	23
Oil palm plantations/Oils and fats	12,835	12,883	12,931	13,170
Beverage	263	252	241	239
Real Estate	17	18	18	19
Leisure	225	230	235	259
Management services	43	44	44	44
	13,407	13,450	13,492	13,754
<b>Employees by geographical location</b>				
Sri Lanka	675	675	674	695
Malaysia	260	256	251	245
Indonesia	12,414	12,463	12,512	12,784
India	53	52	50	25
Singapore	5	5	5	5
	13,407	13,450	13,492	13,754

There were no employees at Carson Cumberbatch PLC during the year (2021 - 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	
		2022	2021	2022	2021
<b>(a) Income statement</b>					
<b>(i) Current taxation</b>					
Charge for the year	5,898,036	4,024,326	-	-	
Economic service charge/write-off	-	4,590	1,154	4,590	
Over provision for previous years	-	(4,969)	-	-	
Dividend tax on intercompany dividends	387,259	-	-	-	
	6,285,295	4,023,947	1,154	4,590	
<b>(ii) Deferred Taxation</b>					
Origination of temporary differences in the current year (Note 15 (b))	1,436,801	474,610	-	-	
	1,436,801	474,610	-	-	
<b>(iii) Total Income tax expense on continuing operations</b>	<b>7,722,096</b>	<b>4,498,557</b>	<b>1,154</b>	<b>4,590</b>	
Income tax expenses may be analysed as follows:					
Current Taxation					
Sri Lanka	2,515,150	2,011,117	1,154	4,590	
Overseas	3,770,145	2,012,830	-	-	
	6,285,295	4,023,947	1,154	4,590	
Deferred Taxation					
Sri Lanka	(232,363)	(249,111)	-	-	
Overseas	1,669,164	723,721	-	-	
	1,436,801	474,610	-	-	
Total					
Sri Lanka	2,282,787	1,762,006	1,154	4,590	
Overseas	5,439,309	2,736,551	-	-	
	7,722,096	4,498,557	1,154	4,590	
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	
	2022	2021
Deferred tax expense arising from;		
Accelerated depreciation & amortisation for tax purposes	1,518,530	341,268
Revaluation of investment property to fair value	122,412	(92,946)
Retirement benefit obligations	34,273	(13,625)
Benefit arising from tax losses	(231,334)	231,882
Others	(7,080)	8,031
Deferred tax charged directly to Income Statement	1,436,801	474,610
Other comprehensive income		
Deferred tax expense arising from;		
Actuarial gain/(loss) on defined benefit obligations	57,436	(19,792)
Revaluation of land and building to fair value	540,652	105,262
Total deferred tax charged directly to statement of other comprehensive income	598,088	85,470
Total deferred tax charged	2,034,889	560,080

### (c) Deferred tax assets/Liabilities

As at 31st March	Assets		Liabilities	
	2022	2021	2022	2021
The closing deferred tax asset and liability balances relate to the following;				
Property, plant & equipment	513,103	466,723	8,939,786	6,598,316
Bearer Plants	360,567	257,405	4,633,058	2,380,984
Investment properties	-	-	1,064,555	925,479
Intangible assets	1,186	12,183	388,055	415,934
Leased assets	-	3,067	149,375	96,852
Employee benefit liability	291,474	258,416	(73,366)	(99,376)
Losses available for offset against future taxable income	3,424,485	2,490,824	(682,914)	(64,129)
Others	95,588	7,572	(152,491)	-
	4,686,403	3,496,190	14,266,058	10,254,060

Income Tax provisions for the year ended 31st March 2022 were made based on applicable tax rates under Inland Revenue Act No. 24 of 2017.

## 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	
	2022	2021
Deferred tax assets	4,686,403	3,496,190
Deferred tax Liabilities	(14,266,058)	(10,254,060)
	(9,579,655)	(6,757,870)
<b>Movement of net Deferred tax assets/Liabilities</b>		
For the year ended 31st March	2022	2021
Balance as at beginning of the year	(6,757,870)	(6,222,749)
Net Origination of temporary differences	(2,034,889)	(560,080)
Effect of movements in exchange rates	(786,896)	24,959
Balance as at end of the year	(9,579,655)	(6,757,870)

### (d) Net Income Tax recoverable/(payable) Movement

As at 31st March	Group		Company	
	2022	2021	2022	2021
At the beginning of the year	453,222	2,741,783	2,106	6,696
Subsidiaries'/Company's taxation on current year's profit	(5,896,821)	(4,029,296)	-	-
Irrecoverable economic service charge	(1,154)	(4,590)	(1,154)	(4,590)
(Under)/over provision for previous years	(3,516)	4,969	-	-
Dividend tax on intercompany dividends	(387,259)	-	-	-
Payments and set off against refunds	6,137,459	1,740,356	(7)	-
Net Income Tax recoverable	301,931	453,222	945	2,106
<b>Break-up of net Income tax recoverable/(payable)</b>				
<b>Income tax recoverable</b>				
Non Current	3,813,211	2,977,370	-	-
Current	13,786	39,184	945	2,106
Total income tax recoverable	3,826,997	3,016,554	945	2,106
Income tax payable	(3,525,066)	(2,563,332)	-	-
Net Income Tax recoverable	301,931	453,222	945	2,106

(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 respective management at the year end.

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. 1,298 Mn (2021: Rs. 964 Mn) and Rs.3,522 Mn. (2021: Rs. 2,939 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. 645 Mn. (2021 - 1,684 Mn) since the utilization against the future taxable profit are not probable.

Rs. 293.57 Mn (2021: Rs. 212.21 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.

#### Company

The Company has accumulated tax loss of Rs. 1,178 Mn (2021: Rs. 1,293 Mn) as at the reporting date. The deferred tax asset of Rs.330 Mn (2021 - Rs. 362 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 (2021: 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 these subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to Rs.138,627 Mn (2021: Rs. 87,356 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;

	2022	2021
Leisure Sector	14%	14%
Beverage Sector	40%	40%
Real Estate Sector	24%	24%
Other Sectors	24%	24%

## 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	
		2022	2021	2022	2021
<b>(i) Reconciliation of the Accounting Profit with the Taxable Profit</b>					
Profit/(loss) before taxation	22,373,161	14,303,789	513,283	131,223	
Aggregate tax disallowed expenses	8,848,399	5,583,977	288,838	295,625	
Aggregate of allowable deductions	(7,181,250)	(3,553,734)	-	-	
Dividend income	(1,060,321)	(573,629)	(684,458)	(358,990)	
Exempt profit	(5,000,119)	(1,060,943)	(2,212)	(3,204)	
Adjustments of change in fair value	1,328,039	(2,001,773)	(1,339)	(13,337)	
Impairment of business assets	1,076,698	609,342	-	-	
Operating losses incurred during the year	1,119,402	2,926,744	-	-	
<b>Tax adjusted profits</b>	<b>21,504,009</b>	<b>16,233,773</b>	<b>114,112</b>	<b>51,317</b>	
<b>Adjustments</b>					
Adjustments due to the consolidation/conversions	4,328,916	229,974	-	-	
Share of net results of Equity accounted investee	34,831	18,776	-	-	
Tax losses utilized during the year	(4,087,001)	(1,352,168)	(114,112)	(51,317)	
<b>Taxable income</b>	<b>21,780,755</b>	<b>15,130,356</b>	<b>-</b>	<b>-</b>	
<b>Taxation on Profits</b>					
Taxation at 14%	175,853	105,944	-	-	
Taxation at 24% & 28%	292,195	261,720	-	-	
Taxation at 40%	2,040,444	1,641,654	-	-	
10% WHT on Inter company dividend - Indonesia	387,259	-	-	-	
Off - Shore profits at varying rates	3,384,874	2,015,008	-	-	
Economic Service Charge - write off	1,154	4,590	1,154	4,590	
Under/(over) provision for previous years	3,516	(4,969)	-	-	
	6,285,295	4,023,947	1,154	4,590	
<b>Analysis of Tax Losses</b>					
Tax losses brought forward	18,527,496	15,229,992	1,293,008	1,344,543	
Adjustment on losses (Finalization/write-off/conversions)	(356,735)	1,722,928	(33)	(218)	
Tax losses incurred during the year	1,119,402	2,926,744	-	-	
Utilization of tax losses during the year	(4,087,001)	(1,352,168)	(114,112)	(51,317)	
<b>Tax losses carried forward</b>	<b>15,203,162</b>	<b>18,527,496</b>	<b>1,178,863</b>	<b>1,293,008</b>	

Utilization of tax losses in the current year has resulted in tax saving of Rs. 926 Mn (2021 - Rs. 295 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 subject 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 respective companies. Adjustment for taxation on the losses of 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/higher 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;

	2022	2021
Singapore	17%	17%
Indonesia	22%	22%
India	30.9%	30.9%
Malaysia	24%	24%
Mauritius	15%	15%

### (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) Malaysian Plantations Companies Incorporated in Sri Lanka

The profits from plantation activities of the Sri Lankan incorporated companies having their plantation operations in Malaysia are liable to corporate income tax in Malaysia. However the plantations activities were discontinued in the financial year 2016/17. Such companies profits other than plantation activities, are liable to tax at a rate of 24%

#### (ii) 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%.

#### (iii) 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
- (v) 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.
- (v) As per the subsection (iii) of Section (i) of the Third Schedule of the Act, interest income accruing or derived by the Company from foreign currency accounts are exempt from tax effective from 1st January 2021.

### 16 EARNINGS PER ORDINARY SHARE

#### (a) Earnings per ordinary share from Continuing and Discontinued operations

The Group's earnings per ordinary share of Rs. 37.45 (2021 - Rs. 24.55) and Company's earnings per ordinary share of Rs. 2.61 (2021 - Rs. 0.64), are calculated by dividing the profit 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	
	2022	2021	2022	2021
Amount used as the Numerator				
Profit for the year	14,933,314	9,710,614	512,129	126,633
Attributable to non controlling interest	(7,578,842)	(4,889,763)	-	-
Net Profit attributable to Ordinary Shareholders	7,354,472	4,820,851	512,129	126,633
Number of Ordinary Shares used as the Denominator				
Ordinary shares in issue (No's)	196,386,914	196,386,914	196,386,914	196,386,914
Basic earnings per Ordinary Share (Rs.)	37.45	24.55	2.61	0.64

(Amounts expressed in Sri Lankan Rs. '000)

## 16 EARNINGS PER ORDINARY SHARE (Contd.)

### (b) Earnings per share from Continuing operations

The Group's earnings per ordinary share from continuing operations of Rs. 35.91 (2021 - Rs. 24.74) 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	
	2022	2021	2022	2021
<b>Amount used as the Numerator</b>				
Profit for the year from continuing operations	14,651,065	9,805,232	512,129	126,633
Attributable to non controlling interest from continuing operations	(7,598,256)	(4,946,738)	-	-
Net Profit attributable to Ordinary Shareholders from continuing operations	7,052,809	4,858,494	512,129	126,633
<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
Basic earnings per Ordinary Share from continuing operations (Rs.)	35.91	24.74	2.61	0.64

### (c) Earnings/(loss) per share from Discontinued operations

The Group's earnings/(loss) per ordinary share from discontinued operations of Rs. 1.54 (2021 - Rs. (0.19)) 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	
	2022	2021
<b>Amount used as the Numerator</b>		
Profit/(loss) for the year from discontinued operations	282,249	(94,618)
Attributable to non controlling interest from discontinued operations	(19,414)	(56,975)
Net Profit/(loss) attributable to Ordinary Shareholders from discontinued operations	301,663	(37,643)
<b>Number of Ordinary Shares used as the Denominator</b>		
Ordinary shares in issue (No's)	196,386,914	196,386,914
Basic earnings/(loss) per Ordinary Share from discontinued operation (Rs.)	1.54	(0.19)

## 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	
	2022	2021
Profit from continuing operations	14,651,065	9,805,232
Income tax expense	7,722,096	4,498,557
Profit before tax	22,373,161	14,303,789
Adjustments for:		
Net finance costs	6,510,915	6,142,137
Depreciation	6,701,171	6,482,381
Amortisation	312,428	327,846
Impairment of business assets	1,076,698	609,342
Foreign exchange gains	(957,438)	(1,855,241)
Change in fair value of investment properties	(578,208)	(61,318)
Change in fair value of biological assets	(3,347,692)	(531,357)
Change in fair value of financial assets measured at fair value through profit or loss	1,775,689	(1,884,201)
Share of loss of equity accounted investee (net of tax)	34,831	18,776
EBITDA	33,901,555	23,552,154

### 18 DIVIDEND PER ORDINARY SHARE

For the year ended 31st March	Total dividend		Dividend per ordinary share	
	2022	2021	2022 (Rs.)	2021 (Rs.)
Dividend paid				
Final Dividend	294,580	147,290	1.50	0.75
	294,580	147,290	1.50	0.75

As required by Section 56 of the Companies Act No 7 of 2007, the Board of Directors were satisfied that the solvency of the Company is in accordance with the Section 57, prior to approving the above dividends. A statement of solvency was compiled and was duly signed by the Board of Directors.

(Amounts expressed in Sri Lankan Rs. '000)

**19 PROPERTY, PLANT & EQUIPMENT - GROUP****(a) For the year ended 31st March 2022**

	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 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
Additions	57,240	684,321	940,352	210,558	111,776	73,578	987,109	2,320,276	5,385,210
Revaluation	1,631,564	28,755	4,631	-	-	-	-	-	1,664,950
Transfers/Adjustments	131,121	481,847	920,440	(44,451)	43,297	26,377	10	(1,479,052)	79,589
Disposals/Written - off	(1,109)	(580,595)	(944,147)	(384,690)	(68,746)	(88,749)	(202,918)	(294,832)	(2,565,786)
Effect of movements in exchange rates	-	19,074,618	13,732,935	1,090,408	603,150	306,018	-	679,897	35,487,026
As at 31st March 2022	11,941,549	58,413,691	57,151,980	3,606,946	2,394,436	1,437,549	4,447,223	2,795,628	142,189,002
Impairment/Accumulated Depreciation									
As at 1st April 2021	270,012	10,890,195	17,896,873	1,753,859	1,410,775	1,036,955	2,162,862	-	35,421,531
Charge for the year	145,655	1,722,467	2,104,175	164,094	126,396	62,632	582,681	-	4,908,100
Transfers/Adjustments	(28,963)	(50,636)	(597,658)	(318,367)	(62,227)	(88,600)	(202,918)	-	(1,349,369)
Effect of movements in exchange rates	-	5,944,444	6,677,154	689,456	515,547	274,273	-	-	14,100,874
As at 31st March 2022	386,704	18,506,470	26,080,544	2,289,042	1,990,491	1,285,260	2,542,625	-	53,081,136
Carrying amounts as at 31st March 2022	11,554,845	39,907,221	31,071,436	1,317,904	403,945	152,289	1,904,598	2,795,628	89,107,866

Property, plant and equipment includes right - of use assets of Rs 1,826 mn (2021 - Rs 1,460 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 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 2021	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

(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 2022 If carried at Historical Cost	Carrying Value of Revalued Assets as at 31st March 2022
Pegasus Hotels of Ceylon PLC, Wattala, Sri Lanka	Market Approach and Contractor's method	31.03.2022	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	14.51	1	565,856	2,274,502
Equity Hotels Limited Giritale (Building) Sri Lanka	Contractor's method	31.03.2022	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	-	1	91,634	314,094
Lion Brewery (Ceylon) PLC Biyagama, Kaduwela, Tangalle and Kurunegala, Sri Lanka	Open Market Value method	31.03.2022	Mr. K. Arthur Perera A.M.I.V. (Sri Lanka) Valuer & Consultant	39.73	50	3,629,853	6,689,860
Millers Brewery Limited Padukka, Sri Lanka	Open Market Value method	31.03.2022	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	22.85	12	615,640	1,692,802
Equity Two PLC Colombo 1, Sri Lanka	Investment Approach	31.03.2022	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	0.18	1	133,051	583,587
				77.27	65	5,036,034	11,554,845

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.

Investment approach method: 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.

Contractor's method: The contractor's method works on the basis that a property's value can be equated to its cost. Valuer assesses the cost of the building if it would have constructed in the current year, and deduct margin for usage of the property-based on the respective year of construction.

### (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	31.03.2022	Open Market Value method	(i) Per perch value at Biyagama, between Rs. 600,000/- to Rs. 800,000/- Per perch value land at Tangalle Rs. 50,000/- and Kurunagala Rs. 375,000/-	Positive correlated sensitivity
Buildings of Lion Brewery (Ceylon) PLC	31.03.2022	Open Market Value method	(i) Estimated price per square foot between Rs. 2,000/- to Rs. 13,500/-	Positive correlated sensitivity
Land of Millers Brewery Limited	31.03.2022	Open Market Value method	(i) Per perch value between Rs. 3,750/- to Rs. 350,000/-	Positive correlated sensitivity
Buildings of Millers Brewery Limited	31.03.2022	Open Market Value method	(i) Estimated price per square foot between Rs. 2,250/- to Rs. 6,250/-	Positive correlated sensitivity
Land of Pegasus Hotels of Ceylon PLC	31.03.2022	Market Approach	(i) Per perch value between Rs 637,500/- - Rs. 1,350,000/-	Positive correlated sensitivity
Buildings of Pegasus Hotels of Ceylon PLC	31.03.2022	Contractor's method	(i) Estimated price per square foot between Rs. 5,000/- to 16,500/- (ii) Percentage of depreciation	Positive correlated sensitivity
Buildings of Equity Hotels Limited	31.03.2022	Contractor's method	(i) Estimated price per square foot between Rs. 5,000/- to 16,500/- (ii) Percentage of depreciation	Positive correlated sensitivity
Land & Building of Equity Two PLC	31.03.2022	Investment Approach	(i) Contractual rentals agreed with the tenants. (ii) Occupancy rate 70% - 72.5% (iii) Capitalization rate 6.25% (iv) Repair and insurance 20% (v) Valuer has used market price per perch for excess land using a range of prices for similar lands based on adjusted fair value taking into account the other valuation considerations. Market prices per perch range between Rs. 9,500,000/- to Rs. 13,500,000/-	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 2022.

(Amounts expressed in Sri Lankan Rs. '000)

**(f) Carrying value of Property, plant & equipment**

As at 31st March	Group	
	2022	2021
At cost	75,726,769	55,403,220
At valuation (Note c)	11,554,845	9,852,721
Right of use assets (refer note 38 (a))	1,826,252	1,460,541
	89,107,866	66,716,482

**(g) Capital work-in-progress consists of**

As at 31st March	Group	
	2022	2021
Land Improvements	109,964	88,232
Buildings	1,045,636	320,277
Plant & Machinery	1,401,469	676,391
Others	238,559	484,439
	2,795,628	1,569,339

**(h) Acquisition of property, plant and equipment**

The cash outflow of acquisition for property, plant and equipment amounted to Rs. 7,407 Mn. (2021 - Rs. 7,259.40 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 2022, the borrowing cost capitalised to property, plant and equipment was Nil. (2021: Rs. 380.44 Mn or equivalent to US\$ 2,017,000). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation for the financial year ended 31 March 2022 was Nil. (2021: 7.6 %) which was the effective interest rate of the relevant borrowings.

**(j) Assets pledged as security**

The carrying value of certain property, plant and equipment of the Group amounting to approximately Rs. 63.2Bn or equivalent to US\$ 215,099,000 (2021 - Rs. 43.2 Bn or equivalent to US\$ 216,307,000) are pledged as security for bank borrowings.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

20 BEARER PLANTS	Group	
	2022	2021
As at 31st March		
Cost		
Balance as at the beginning of the year	51,077,709	43,022,823
Increase due to plantation development costs	290,095	154,251
Transfers/Adjustments	(84,903)	-
Disposal	-	(31,918)
Effect of movements in exchange rates	25,319,655	7,932,553
Balance as at end of the year	76,602,556	51,077,709
Accumulated depreciation		
Balance as at the beginning of the year	12,772,403	9,041,834
Charge for the year	1,793,071	1,968,235
Transfers/Adjustments	(6,478)	-
Effect of movements in exchange rates	7,085,352	1,762,334
Balance as at end of the year	21,644,348	12,772,403
Accumulated Impairment		
Balance as at the beginning of the year	4,450,906	3,765,962
Effect of movements in exchange rates	2,196,356	684,944
Balance as at end of the year	6,647,262	4,450,906
Net balance as at end of the year	48,310,946	33,854,400
<b>(a) 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	2022	2021
Area		
Planted Area:		
- Mature	61,744	61,892
- Immature	16	4
	61,760	61,896
	Indonesian Plantations	
As at 31st March	2022	2021
Value		
Planted Value:		
- Mature	46,948,083	32,879,828
- Immature/Nursery	1,362,863	974,572
	48,310,946	33,854,400

(Amounts expressed in Sri Lankan Rs. '000)

- (b) Depreciation amounting to Rs. 1,793 million (2021: Rs. 1,968 million) has been charged under cost of sales.
- (c) The carrying value of bearer plants of the Group pledged/undertaken as security for the bank borrowings amounted to approximately Rs. 49.59 Bn or equivalent to US\$ 168,749,000 (2021 Rs. 35 Bn or equivalent to US\$ 174,037,000).
- (d) The carrying values of bearer plants of the Indonesian Plantation Subsidiaries 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 2022.

## 21 BIOLOGICAL ASSETS

As at 31st March	Group	
	2022	2021
Biological assets	7,364,627	2,372,008
<b>Movement of biological Assets</b>		
At the beginning of the year	2,372,008	1,557,026
Change in fair value of biological assets	3,347,692	531,357
Effect of movements in exchange rates	1,644,927	283,625
At the end of the year	7,364,627	2,372,008

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 FFB.

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	
	2022	2021
FFB - Volume (MT)	110,055	116,500
<b>Average FFB Price (US\$/MT)</b>		
2022	168 - 258	
2021	79 - 154	

## 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	Increase/ (decrease) in fair value US\$'000
2022		
Index price	Increased by 10%	2,748
	Decreased by 10%	(2,748)
2021		
Index price	Increased by 10%	1,416
	Decreased by 10%	(1,416)

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	Group						
As at 31st March				2022	2021					
<b>(a) Investment Properties of the Group comprise of:</b>										
Equity One Ltd	2,434,606	320,798	27,075	2,782,479	2,455,404					
Equity Two PLC	735,294	236,720	14,817	986,831	959,179					
Equity Three (Private) Limited	542,058	73,645	32,297	648,000	578,013					
Ceylon Beverage Holdings PLC	621,530	25,570	-	647,100	486,870					
	4,333,488	656,733	74,189	5,064,410	4,479,466					
	Freehold Land		Freehold Building	Other Equipment	Capital Work In Progress	Total				
For the year ended 31st March	2022	2021	2022	2021	2022	2021				
<b>(b) Movements of Investment Properties</b>										
Balance as at the beginning of the year	3,825,883	3,730,411	560,002	561,652	93,581	77,397	-	27,507	4,479,466	4,396,967
Additions during the year	-	-	6,736	12,208	-	36,480	-	(27,507)	6,736	21,181
Gain/(loss) on fair value adjustment (Note c)	507,605	95,472	89,994	(13,858)	(19,391)	(20,296)	-	-	578,208	61,318
Balance at end of the year	4,333,488	3,825,883	656,732	560,002	74,190	93,581	-	-	5,064,410	4,479,466
<b>(c) Change in fair value of investment properties</b>										
Equity One Ltd	270,585	38,117	53,672	3,389	(3,918)	(8,595)	-	-	320,339	32,911
Equity Two PLC	18,686	12,184	20,581	-	(11,616)	(9,835)	-	-	27,651	2,349
Equity Three (Private) Limited	65,704	45,171	8,141	(17,247)	(3,857)	(1,866)	-	-	69,988	26,058
Ceylon Beverage Holdings PLC	152,630	-	7,600	-	-	-	-	-	160,230	-
	507,605	95,472	89,994	(13,858)	(19,391)	(20,296)	-	-	578,208	61,318

## 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	Number of Buildings	Net rentable area (In Sq.ft.)	Extent (Hectares)	Historical Cost	Fair Value 2022	Fair Value 2021
As at 31st March								2022	2021
Equity One Ltd	Dharmapala Mw., Colombo 07.	Office Space	Investment approach	1.00	44,647	0.238	127,174	1,726,672	1,524,620
Equity One Ltd	Vauxhall Lane, Colombo 02	Warehouse Space	Depreciated replacement cost	1.00	32,408	0.455	237,348	1,055,807	930,784
Equity Two PLC	No 55, Janadhipathi Mawatha, Colombo 1	Office Space	Investment approach	1.00	44,046	0.146	429,779	986,831	959,179
Equity Three (Private) Limited	George R. De Silva Mw, Colombo 13	Office Space	Depreciated replacement cost	1.00	31,237	0.208	90,228	648,000	578,013
Ceylon Beverage Holdings PLC	Nuwara Eliya		Open Market value approach	1.00	-	1.51	-	616,100	460,870
Ceylon Beverage Holdings PLC	Trincomalee		Open Market value approach		-	0.09	-	31,000	26,000
								5,064,410	4,479,466

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 as a tenant.

#### (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% - 90%	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 price per perch range between Rs. 9,500,000/- to Rs. 13,600,000/-	Market value per perch 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 price per perch range between Rs. 5,000,000/- to Rs. 6,600,000/-	Market value per perch was higher/(lower)
Land & Building	Colombo	Depreciated replacement cost approach	Construction cost per square foot Rs.4,750 - Rs. 7,000.	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 price per perch range between Rs. 5,000,000/- to Rs. 6,600,000/-	Market value per perch was higher/(lower)
			Depreciation rate for the usage of assets 67.5% - 72.5%	Depreciation rate for usage 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	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 2022 figures than for the Comparative year

As at 31st March	Group	
	Increase	Decrease
<b>Discount rate</b>		
2022: 1% movement	(384,485)	557,282
2021: 1% movement	(357,128)	519,115
<b>Occupancy rate</b>		
2022: 10% movement	314,083	(314,094)
2021: 10% movement	298,501	(298,501)
<b>Repairs and Insurance</b>		
2022: 10% movement	(464,678)	464,678
2021: 10% movement	(427,529)	427,529
<b>Construction cost per sq.ft.</b>		
2022: Rs. 1000 movement	19,751	(19,751)
2021: Rs. 1,000 movement	19,751	(19,751)

### 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	2022	2021
Rental income derived from investment properties	282,287	280,421
Direct operating expenses generating rental income	(100,594)	82,403

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	
	2022	2021
Less than one year	201,594	216,581
One to two years	118,846	193,188
Two to three years	111,990	108,579
Three to four years	154,846	73,041
Four to five years	107,775	68,319
More than five years	249,307	297,559
	944,358	957,267

(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 2022 (2021 - 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 2022.

(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/ Patents		Customer Relationship		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Cost/Valuation												
Balance as at the beginning of the year	2,447,383	2,447,383	1,983,135	1,743,332	7,549,532	6,387,736	1,270,175	1,715,840	344,729	344,729	13,594,954	12,639,020
Additions	-	-	112,867	57,333	-	-	6,535	629	-	-	119,402	57,962
Disposal	-	-	-	-	(27,330)	-	-	-	-	-	(27,330)	-
Impairment (Note23 (d))	-	-	-	-	-	-	(463,578)	(449,084)	-	-	(463,578)	(449,084)
Transfer/Adjustment	-	-	(2,562)	12,103	-	-	(1,626)	-	-	-	(4,188)	12,103
Effect of movements in exchange rates	-	-	646,264	170,367	3,713,581	1,161,796	13,321	2,790	-	-	4,373,166	1,334,953
Balance as at end of the year	2,447,383	2,447,383	2,739,704	1,983,135	11,235,783	7,549,532	824,827	1,270,175	344,729	344,729	17,592,426	13,594,954
Accumulated Amortization												
Balance as at the beginning of the year	-	-	967,620	861,147	2,100,356	1,550,443	21,308	17,252	344,729	327,289	3,434,013	2,756,131
Amortization	-	-	60,236	54,719	250,958	253,263	1,234	2,424	-	17,440	312,428	327,846
Disposal	-	-	(155)	-	12,792	-	-	-	-	-	12,637	-
Effect of movements in exchange rates	-	-	176,011	51,754	1,150,628	296,650	10,342	1,632	-	-	1,336,981	350,036
Balance as at end of the year	-	-	1,203,712	967,620	3,514,734	2,100,356	32,884	21,308	344,729	344,729	5,096,059	3,434,013
Carrying amounts as at the end of the year	2,447,383	2,447,383	1,535,992	1,015,515	7,721,049	5,449,176	791,943	1,248,867	-	-	12,496,367	10,160,941

## 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	2022	2021
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	
	2022	2021
Pre-tax discount rates (USD)	12.01%	12.03%
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.

(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 based on past experience, operational considerations and current business practices common to the industry.

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	
	2022	2021
Pre-tax discount rates	8.71%	7.87%
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 (2021: 2 years).

All research costs and development costs not eligible for capitalization amounting to Rs. 97.21 Mn (2021: Rs. 77.71 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 (2021: 21 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 land rights of the Indonesian Plantation Companies were tested for impairment based on an internal valuation. The recoverable value of the plantation land rights 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 land rights were higher than its carrying value, No impairment was required for the financial year ended 31st March 2022.

#### (iii) Analysis of prepaid land rights

As at 31st March	Group	
	2022	2021
Prepaid lease rights that are to be amortised;		
Not later than one year	374,097	254,384
Later than one year but not later than 5 years	1,600,122	1,091,072
Later than five years	5,746,830	4,103,720
	7,721,049	5,449,176

### (d) Brands - of Millers Brewery Limited

Lion Brewery (Ceylon) PLC (LBCPLC) 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

An impairment test was carried out for the brands acquired from Millers Brewery Ltd as at 31st March 2022 as per the accounting standard LKAS 36. LBCPLC 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 at 15.24% 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. The contribution growth was determined based on the historical records (rate not disclosed due to commercial sensitivity) along with a zero volume growth rate. Accordingly, the carrying value of the said brands as at 31st March 2022 stands at Rs. 673,958,842/- resulting an impairment of Rs. 463,577,639/- which has been charged to the income statement.

### (e) Patent and trademarks

Patent and trademarks comprise expenditure incurred in respect of registration and patenting of the products of Oils and fats segment. Trademarks have indefinite useful lives as there is no foreseeable limit to the period over which they are expected to generate net cash flows. The average remaining amortisation period of patents as at 31 March 2022 is 18 years (2021: 19 years). Amortisation of patents has been recognised under the line "Administrative expenses".

(Amounts expressed in Sri Lankan Rs. '000)

24 INVESTMENT IN SUBSIDIARIES	Principal activities	Country of incorporation	Effective equity Interest held by the Group %		Investment through Group		Direct Investment by the Company	
			2022	2021	Cost 2022	Cost 2021	Cost 2022	Cost 2021
As at 31st March								
<b>Investments in Ordinary Shares</b>								
Equity Two PLC	Real Estate	Sri Lanka	88.82%	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	697,477	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%	-	446,267	-	-
Ceylon Beverage Holdings PLC	Beverage	Sri Lanka	75.62%	75.37%	760,447	719,260	1,208,352	1,167,166
Lion Brewery (Ceylon) PLC	Beverage	Sri Lanka	46.87%	46.27%	2,450,955	2,244,395	-	-
Total investment in Subsidiaries - quoted					8,455,518	8,654,038	2,320,315	2,283,027
<b>(ii) Unquoted Investment</b>								
Equity One Ltd	Real Estate	Sri Lanka	98.99%	98.96%	1,105,108	1,103,849	1,111,521	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	46.87%	45.64%	1,150,000	1,150,000	-	-
Millers Brewery Ltd	Beverage	Sri Lanka	46.87%	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%	16,521	12,722	-	-
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	2,614,607	-	-
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	4,065,951	-	-
PT Batus Mas Sejahtera	Oil palm plantation	Indonesia	50.67%	50.67%	2,508,442	2,508,442	-	-
PT Sawit Makmur Sejahtera	Oil palm plantation	Indonesia	50.67%	50.67%	2,277,516	2,277,516	-	-
PT Sumber Hasil Prima	Oil palm plantation	Indonesia	50.67%	50.67%	6,708,448	6,708,448	-	-
PT Sinar Sawit Andalan	Oil palm plantation	Indonesia	50.67%	50.67%	2,019,203	2,019,203	-	-
PT Siriwana Adi Pereksa	Oil palm plantation	Indonesia	50.67%	50.67%	1,096,637	1,096,637	-	-
PT Agro Bina Lestari	Oil palm plantation	Indonesia	50.67%	50.67%	257,929	257,929	-	-
					54,746,942	54,741,884	6,699,384	6,698,125

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

24 INVESTMENT IN SUBSIDIARIES (UNQUOTED INVESTMENTS) (Contd.)	Principal activities	Country of incorporation	Effective equity Interest held by the Group %		Investment through Group		Direct Investment by the Company	
			2022	2021	Cost 2022	Cost 2021	Cost 2022	Cost 2021
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%	120,691	119,152	-	-
Agro Harapan Lestari (Private) Limited	Management services	Sri Lanka	53.33%	53.33%	26,865	26,865	-	-
AHL Business Solutions (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%	42.66%	5,146,677	5,146,677	-	-
Arani Agro Oil Industries Pvt Ltd	Oils and Fats	India	53.33%	53.33%	7,512,762	4,828,124	-	-
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%	98.95%	54,000	54,000	-	-
Pubs 'N Places (Private) Ltd	Beverage	Sri Lanka	75.62%	75.37%	511,881	511,881	-	-
Retail Spaces (Private) Limited	Beverage	Sri Lanka	75.62%	75.37%	-	-	-	-
Luxury Brands (Private) Limited	Beverage	Sri Lanka	75.62%	75.37%	250,000	250,000	-	-
					77,174,860	74,483,625	6,699,384	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
Total Investment in Subsidiaries					85,757,241	83,264,526	9,346,217	9,307,670

(Amounts expressed in Sri Lankan Rs. '000)

## 24 INVESTMENT IN SUBSIDIARIES (Contd.)

### (a) Disposal of interest in subsidiaries with loss of control - 2021/22

During the Year 2021/22 the Group disposed total interest in the following subsidiary with loss of control.

Immediate holding company	Name of subsidiary	Disposal of interest	Consideration
Ceylon Guardian Investment Trust PLC	Guardian Capital Partners PLC	83.97%	700,677
Carson Cumberbatch PLC	Guardian Capital Partners PLC	2.25%	18,806

### (b) Disposal of interest in subsidiaries with loss of control - 2020/21

Group disposed total interest in the following subsidiary with loss of control.

Immediate holding company	Name of subsidiary	Disposal of interest	Consideration
Ceylon Guardian Investment Trust PLC	The Sri Lanka Fund	39.12%	63,634
Ceylon Investment PLC	The Sri Lanka Fund	39.12%	63,634

### (c) Acquisition of additional interest in subsidiaries - 2021/22

Immediate holding company	Name of subsidiary	Acquired interest	Consideration
Carson Cumberbatch PLC	Lion Brewery (Ceylon) PLC	0.47%	206,560
	Ceylon Beverage Holdings PLC	0.25%	41,891
	Equity One Ltd	0.03%	1,258
			249,709

## 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	
	2022	2021
Balance as at 1st April	39,882,181	28,221,465
Total comprehensive income for the year	20,509,520	11,128,929
Total contributions by and distributions to owners	(1,063,556)	575,445
Total changes in ownership interests in subsidiaries	[293,282]	[43,658]
Balance as at 31st March	59,034,863	39,882,181

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(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	
	2022	2021	2022	2021	2022	2021
<b>Summarised statement of Income</b>						
Revenue	108,507,538	61,545,494	60,361,243	51,172,154	1,155,110	1,594,228
Profit/(loss) before Income tax expenses	17,152,205	7,062,744	5,885,194	4,284,507	(826,767)	3,210,330
Income tax expenses	(5,440,529)	(2,734,143)	(2,063,401)	(1,850,001)	(84,998)	(56,761)
Net profit/(loss) for the period	11,660,585	4,139,391	3,821,793	2,434,506	(578,425)	3,248,161
Other comprehensive income	21,655,323	9,331,203	731,086	672	1,070,768	3,102,026
Total comprehensive income	33,315,908	13,470,594	4,552,879	2,435,178	492,343	6,350,187
Net profit / (loss) attributable to NCI	5,994,661	2,218,168	1,984,449	1,318,707	(401,067)	1,355,398
Other comprehensive income attributable to NCI	12,042,482	4,858,297	388,426	361	832,493	1,318,252
Total comprehensive income attributable to NCI	18,037,143	7,076,465	2,372,875	1,319,068	431,426	2,673,650
<b>Summarised statement of Financial Position</b>						
Non-current assets	144,140,947	100,443,382	22,494,756	21,154,108	7,633,020	6,986,400
Current assets	62,687,906	28,800,537	20,120,004	15,284,563	12,512,633	12,639,993
Non-current liabilities	81,654,912	58,457,662	7,314,245	8,430,371	8,381	12,615
Current liabilities	55,892,228	34,611,878	15,185,989	11,100,657	221,655	328,349
Net assets attributable to NCI	40,127,908	22,332,933	10,563,780	8,104,994	7,906,951	8,111,627
<b>Summarised Cashflow Information</b>						
Cash flows from operating activities	16,124,962	5,868,534	4,990,359	5,650,184	518,706	1,025,567
Cash flows from investing activities	(4,681,818)	(4,156,619)	(1,057,948)	(157,919)	46	2,440
Cash flows from financing activities	(4,686,330)	(1,866,206)	(1,216,479)	(8,025,983)	(551,731)	(1,065,338)
	6,756,814	(154,291)	2,715,932	(2,533,718)	(32,979)	(37,331)
Dividends paid to NCI during the year	(223,559)	-	(690,656)	(305,600)	(24,771)	(8,525)
(Total Dividend paid to NCI - Rs. 1,031 Mn - 2021 Rs. Mn 403.62 Mn) Effective ownership interests held by NCI	46.67%	46.67%	24.38%	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

(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 2022, 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	Cost	Carrying Value	Cost
As at 31st March	2022	2022	2021	2021
Joint venture Company				
On Unquoted Shares				
Guardian Acuity Asset Management Limited	35,000	35,000	35,000	35,000
Associate Company				
Premium Fats Sdn. Bhd.	91,648	91,648	91,648	91,648
	126,648	126,648	126,648	126,648
Investors' share of net assets				
As at the beginning of the year	532,148		506,457	
Share of net results of equity accounted investee	(34,831)		(18,776)	
Dividend income from joint venture company	(1,400)		(4,731)	
Share of other comprehensive income of equity accounted investee, (net of tax)	262,060		49,198	
Investments in Equity Accounted Investee (Equity Basis)	757,977		532,148	
Carrying amount of interest in Equity Accounted Investee (Equity Basis)	884,625		658,796	

(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	
	2022	2021	2022	2021	2022	2021	2022	2021
For the year ended 31st March								
Joint Venture Company								
Guardian Acuity Asset Management Limited	26,011	34,711	(1,610)	5,610	(805)	2,805	-	-
Associate Company								
Premium Fats Sdn. Bhd.	699,596	295,945	(69,440)	(44,042)	(34,026)	(21,581)	262,060	49,198
	725,607	330,656	(71,050)	(38,432)	(34,831)	(18,776)	262,060	49,198

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

26 INVESTMENTS IN EQUITY ACCOUNTED INVESTEE (Contd.)	Joint Venture Company		Associate Company	
	2022	2021	2022	2021
For the year ended 31st March				
Non - Current assets	849	1,141	735,557	511,365
Current assets	110,840	117,440	1,102,013	865,064
<b>Total assets</b>	<b>111,689</b>	<b>118,581</b>	<b>1,837,570</b>	<b>1,376,429</b>
Non - Current Liabilities	1,421	1,684	21,479	32,972
Current liabilities	10,196	12,671	112,846	105,328
<b>Total liabilities</b>	<b>11,617</b>	<b>14,355</b>	<b>134,325</b>	<b>138,300</b>
Shareholders' equity (100%)	100,072	104,226	1,703,245	1,238,129
Proportion of the Group's ownership interest.	50%	50%	49.00%	49.00%
Carrying amounts of investment	50,035	52,113	834,590	606,683
Dividend received by the Group	1,400	3,500	-	-

## 27 INVESTMENT IN EQUITY AND DEBT SECURITIES

### (a) Summary - Group

	2022	2021
	Fair value	Fair value
<b>Non Current Assets</b>		
Fair value through Other Comprehensive Income		
Investment in Equity Securities - Quoted Shares	9,662,406	8,807,681
Investment in Debt Securities - Preference Shares - Unquoted	1	1
<b>Total Investments in equity and debt securities - Non current assets</b>	<b>9,662,407</b>	<b>8,807,682</b>
<b>Current assets</b>		
Fair value through profit or loss		
Investment in Equity Securities - Quoted Shares	7,860,934	9,291,354
Investment in Equity Securities - Unquoted Shares	122,769	112,073
Investment in Equity Securities - Private Equity (Unlisted)	303	126,663
Investment in Debt Securities - Treasury bonds- Unquoted	297,188	246,833
<b>Total Investments in equity and debt securities - Current assets</b>	<b>8,281,194</b>	<b>9,776,923</b>
<b>Change in fair value of fair value through profit or loss financial assets</b>		
Investment in Equity and Debt Securities	(1,791,798)	1,882,491
Investment in unit trusts (Note 28)	16,109	1,710
	<b>(1,775,689)</b>	<b>1,884,201</b>

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 2022 was based on the last traded volume weighted average price as at 31st March 2022 and as at 31st March 2021 was based on the last traded volume weighted average price as at 20th March 2021, 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.

The Group designated the investments shown below as equity securities at FVOCI because these equity securities represent investment that the Group intends to hold for long term for strategic purposes.

(Amounts expressed in Sri Lankan Rs. '000)

<b>(b) Movement of Investment in Equity Securities - 2022</b>							
Non Current Assets	Fair Value as at 01st April 2021	Additions	Disposals/ Write Off	Amortised interest	Change in Fair Value*	Effect on currency translation	Fair Value as at 31st March 2022
Investment in Equity Securities - Quoted Shares - FVOCI	8,807,682	-	-	-	854,725	-	9,662,407
	8,807,682	-	-	-	854,725	-	9,662,407
Current Assets	Fair Value as at 01st April 2021	Additions	Disposals/ Write Off	Amortised interest	Change in Fair Value*	Effect on currency translation	Fair Value as at 31st March 2022
Investment in Equity Securities - Quoted Shares - FVTPL	9,291,354	3,786,071	(3,562,483)	-	(1,793,342)	139,334	7,860,934
Investment in Equity Securities - Unquoted Shares - FVTPL	238,736	(126,360)	-	-	10,696	-	123,072
Investment in treasury bonds / Debentures - FVTPL	246,833	128,465	(167,597)	2,360	(9,152)	96,279	297,188
	9,776,923	3,788,176	(3,730,080)	2,360	(1,791,798)	235,613	8,281,194
<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

**(c)** The fair value adjustment represents the net unrealised gains/(losses) on fair value adjustment of investment portfolios including any adjustment on impairment losses.

## Notes to the Financial Statements

(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 2022	Fair value 2022	No of Shares 2021	Fair value 2021
Investment in equity securities - Quoted				
Oil Palm				
Bukit Darah PLC	26,710,158	9,662,406	26,710,158	8,807,681
		9,662,406		8,807,681
Total Investment in equity securities -Quoted		9,662,406		8,807,681
Investment in Preference shares				
Bukit Darah PLC - 8% participative cumulative		1		1
(No of shares - 31,875)		1		1
Total Investment in FVOIC		9,662,407		8,807,682
<b>(e) Fair value through profit or loss (FVTPL)</b>				
As at 31st March	No of Shares 2022	Fair value 2022	No of Shares 2021	Fair value 2021
<b>(i) Investment in equity securities - Quoted</b>				
Banks				
Commercial Bank of Ceylon PLC	7,348,275	460,737	10,823,936	925,447
Hatton National Bank PLC	3,419,974	373,632	4,730,858	596,088
Hatton National Bank PLC - Non Voting	-	-	3,540,508	344,137
National Development Bank PLC	421,971	23,504	421,971	34,095
Sampath Bank PLC	6,907,851	316,380	8,138,757	437,865
Seylan Bank PLC	514,858	16,269	506,710	24,829
		1,190,522		2,362,461
Chemicals & Pharmaceuticals				
Union Chemicals Lanka PLC	200	156	200	143
		156		143
Capital goods				
Hemas Holdings PLC	19,970,050	922,616	12,929,644	1,078,332
John Keells Holdings PLC	2,413,770	344,531	2,411,290	358,076
Richard Pieris And Company PLC	461,008	6,131	-	-
Royal Ceramics Lanka PLC	252,500	10,276	-	-
		1,283,554		1,436,408
Consumer Durables & Apparel				
Teejay Lanka PLC	4,697,389	186,956	-	-
		186,956		-
Consumer service				
Aitken Spence Hotels Holdings PLC	5,153,438	182,947	5,653,438	170,734
John Keells Hotels PLC	-	-	760,206	7,222
		182,947		177,956
Diversified financials				
Central Finance Company PLC	19,278,648	1,312,876	20,991,728	1,694,032
People's Leasing and Finance Company PLC	33,916,185	274,721	28,467,935	335,922
		1,587,597		2,029,954
Energy				
Lanka IOC PLC	20,000	616	20,000	380
		616		380

(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 2022	Fair value 2022	No of Shares 2021	Fair value 2021
<b>Food beverage &amp; Tobacco</b>				
Ceylon Cold Stores PLC	1,159,580	45,107	15,880	9,873
Ceylon Grain Elevators PLC	214,928	13,111	-	-
Distilleries Company of Sri Lanka PLC	33,719,352	458,583	27,478,608	546,824
Melstacorp PLC	624,687	25,675	5,276,312	232,158
Sunshine Holdings PLC	1,294,419	47,376	6,887,229	182,512
Nestle Lanka PLC	149,400	140,249	-	-
Watawala Plantations PLC	106,821	9,966	-	-
		740,067		971,367
<b>Food &amp; Staples Retailing</b>				
Cargills (Ceylon) PLC	2,020,788	368,794	3,516,215	826,311
		368,794		826,311
<b>Insurance</b>				
Ceylinco Insurance PLC - Non Voting	325,266	393,408	325,266	357,792
HNB Assurance PLC	8,703,922	376,880	6,172,514	366,030
Union Assurance PLC	197,763	59,973	199,000	62,188
		830,261		786,010
<b>Materials</b>				
Alumex PLC	1,570,000	11,461		
Chevron Lanka Lubricants PLC	844,944	73,595	555,944	50,035
Tokyo Cement Company (Lanka) PLC	775,000	26,272	-	-
		111,328		50,035
<b>Real Estate</b>				
Overseas Realty (Ceylon) PLC		-	500,000	7,750
		-		7,750
<b>Software and services</b>				
hSenid Business Solutions PLC	17,976,090	323,570	-	-
		323,570		-
<b>Telecommunication</b>				
Dialog Axiata PLC	59,212,359	592,124	38,823,074	504,700
		592,124	-	504,700
<b>Utilities</b>				
LVL Energy Fund Limited	1,257,100	10,684	1,257,100	12,194
Vallibel Power Erathna PLC		-	2,270,000	16,797
		10,684		28,991
<b>Foreign equity investment</b>				
Anheuser-Busch InBev SA/NV	3,540	63,305	4,250	54,196
British American Tobacco PLC	7,550	44,938	-	-
CK Hutchison Holdings Ltd	29,200	63,598	22,700	36,244
FedEx Corporation	700	39,473	-	-
PayPal Holdings Inc	2,940	92,922	-	-
Reckitt Benckiser Group PLC	2,000	47,599	-	-
Thai Beverage PCL	253,500	99,923	187,000	18,448
		451,758		108,888
Total Investment in FVTPL		7,860,934		9,291,354

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(Amounts expressed in Sri Lankan Rs. '000)

<b>27 INVESTMENT IN EQUITY AND DEBT SECURITIES (Contd.)</b>				FVTPL			
<b>(e) Fair value through profit or loss (Contd.)</b>		No of Shares	Fair value	No of Shares	Fair value		
As at 31st March		2022	2022	2021	2021		
<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	80,676	360,001	75,058		
	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	42,073	1,428,496	36,995		
	Produce Transport Limited	1	-	1	-		
	Riverside Resorts (Pvt) Ltd	2,600,020	-	2,600,020	-		
	Serendib Agro Products Limited	2,500	-	2,500	-		
	<b>Total Investment in equity securities - Unquoted</b>		<b>122,769</b>		<b>112,073</b>		
<b>(iii) Investment in equity securities - Private equity (unlisted)</b>							
	Findmyfare (Pvt) Ltd (note A)	302,791	303	302,791	303		
	hSenid Business Solutions (Pvt) Ltd. (note B)	-	-	163,419	126,360		
	Swiss Institute For Service Industry Development (Private) Limited - Ordinary shares (note C)	847	-	847	-		
	- 10% Cumulative Preference Shares	1,273	-	1,273	-		
	<b>Total investment in private Equity</b>		<b>303</b>		<b>126,663</b>		
	<b>Total investment equity securities</b>		<b>7,984,006</b>		<b>9,530,090</b>		
<b>(iv) Investment in debt securities</b>							
		Maturity Date	Interest Rate	Face Value	Fair Value	Face Value	Fair Value
				2022	2022	2021	2021
<b>(i) Investments in corporate treasury bonds</b>							
	Singtel Group Treasury Pte Ltd	8/9/21	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	3/10/21	1.88%	-	-	USD 400,000	81,215
	ICICI Bank Ltd/Dubai	9/9/22	3.25%	USD 400,000	117,805	USD 200,000	41,044
	IOI Investment L Bhd	6/27/22	4.38%	USD 400,000	119,838	-	-
	State Bank of India/London	28/09/2023	4.50%	USD 200,000	59,545	USD 200,000	43,029
	<b>Total</b>			<b>-</b>	<b>297,188</b>	<b>-</b>	<b>246,833</b>
	<b>Total investment in debt securities</b>				<b>297,188</b>		<b>246,833</b>

(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 (d).

#### (A) Valuation of Findmyfare (Pvt) Ltd (FMF)

FMF's business operations were affected by the prolonged COVID-19 situation. The company is gradually recovering from the pandemic induced slump but the financial situation is yet to improve. Based on this premise, it was deemed appropriate to maintain the previous year's valuation. Accordingly, as of 31st March 2022, the investment value of FMF was recorded at Rs. 0.3 Mn.

#### (B) Valuation of hSenid Business Solutions (Pvt) Ltd (hSenid)

hSenid was listed on the Colombo Stock Exchange on 21st December 2021. Therefore, it has been classified under 'equity securities quoted shares'.

#### (C) Swiss Institute for Service Industry

In 2000/21, the Company has written off its investment in Swiss Institute for Service Industry Development (Private) Limited, which was fully impaired during the financial year 2017/2018, due to the discontinuation of operations arising from the conduct of the Managing Director / Promoter of the Swiss Institute. The Criminal Investigations Department instituted action in the Colombo Magistrates Court (Case No. B 74469/1/17) against the alleged criminal misappropriation of funds and criminal breach of trust by the said Managing Director / Promoter, based on a complaint made by two directors of the Swiss Institute. The case is presently ongoing.

#### (f) Movement of Investment in Equity and Debt Securities - Company

As at 31st March	2022 Fair value	2021 Fair value
<b>Non Current Assets</b>		
Investment in Equity Securities- Quoted Shares - FVOCI	5,359,331	5,219,864
Total Investments in equity securities - Non current assets	5,359,331	5,219,864
<b>Current assets</b>		
Investment in Equity Securities - Quoted Shares - Fair value through profit or loss	11,244	15,523
Investment in Equity Securities- Unquoted Shares - Fair value through profit or loss	80,676	75,058
Total Investments in equity securities - Current assets	91,920	90,581

#### Movement of Investment in Equity Securities - 2022 - Company

	Fair Value as at 01st April 2021	Additions	Disposals/ Write Off	Transfers	Change in Fair Value	Fair Value as at 31st March 2022
<b>Non Current Assets</b>						
Investment in Equity Securities						
- Quoted Shares - FVOCI	5,219,864	206,560	(16,593)	-	(50,500)	5,359,331
	5,219,864	206,560	(16,593)	-	(50,500)	5,359,331
<b>Current Assets</b>						
Investment in Equity Securities - Quoted Shares - FVTPL	15,523	-	-	-	(4,279)	11,244
Investment in Equity Securities - Unquoted Shares - FVTPL	75,058	-	-	-	5,618	80,676
	90,581	-	-	-	1,339	91,920

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 27 INVESTMENT IN EQUITY AND DEBT SECURITIES (Contd.)

Strategic investments were disposed of during 2021/22, and there were transfer of any cumulative gain or loss within the equity relating to these investments amounting to Rs. 6.4 Mn (Note 32).

#### 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 (Note 27 (ii))	18,118	-	(6,887)	-	4,292	15,523
Investment in Equity Securities						
- Unquoted Shares - FVTPL (Note 27 (iii))	66,013	-	-	-	9,045	75,058
	84,131	-	(6,887)	-	13,337	90,581

### (g) Measurement of investment in equity securities - Company

	FVTPL				FVOCI			
	No of Shares	Fair value						
	2022	2022	2021	2021	2022	2022	2021	2021
<b>(i) Investment in equity securities</b>								
<b>- Quoted</b>								
Capital goods								
Hemas Holdings PLC	113,026	5,221	113,026	9,426	-	-	-	-
John Keels Holdings PLC	33,854	4,909	33,854	5,027	-	-	-	-
Chemicals & Pharmaceuticals								
Union Chemicals Lanka PLC	200	156	200	143	-	-	-	-
Diversified Financials								
Guardian Capital Partners PLC*	-	-	-	-	-	-	582,225	16,593
Energy								
Lanka IOC PLC	20,000	616	20,000	380	-	-	-	-
Food beverage & Tobacco								
Bukit Darah PLC*	-	-	-	-	6,271,908	2,268,862	6,271,908	2,068,161
Ceylon Cold Stores PLC	8,800	342	880	547	-	-	-	-
Lion Brewery (Ceylon) PLC*	-	-	-	-	5,886,608	3,090,469	5,509,860	3,135,110
Total Investment in equity securities								
- Quoted		11,244		15,523		5,359,331		5,219,864
<b>(ii) Investment in equity securities - Private equity (unlisted)</b>								
Ceybank Asset Management Ltd	360,001	80,676	360,001	75,058	-	-	-	-
Total		91,920		90,581		5,359,331		5,219,864

\*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. 105.88 Mn. (2021 Rs. 47.8 Mn). from its investment securities at FVOCI.

(Amounts expressed in Sri Lankan Rs. '000)

## 28 INVESTMENT IN UNIT TRUST

As at 31st March	Group	
	2022	2021
Balance as at the beginning of the year	198,153	602,690
Investments during the year	2,386,592	470,659
Disposals during the year	(2,112,819)	(876,906)
Fair value adjustment	16,109	1,710
	488,035	198,153

As at 31st March	Group FVTPL			
	No. of Units 2022	Fair Value 2022	No. of Units 2021	Fair Value 2021
<b>Current Assets</b>				
Guardian Acuity Equity fund	620,159	10,274	620,159	11,203
Guardian Acuity Money Market Fund	11,767,873	269,631	9,149,024	186,950
Guardian Acuity Income Fund	20,000,000	208,130	-	-
Total investment in unit trust - Current assets		488,035		198,153

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	
	2022	2021
Raw materials	6,889,177	3,312,659
Work-in-progress	6,130,562	2,060,982
Goods in Transit	1,793,586	1,085,938
Finished goods	7,486,012	3,965,641
	22,299,337	10,425,220
Impairment provision for inventory	(1,164,063)	(160,107)
	21,135,274	10,265,113

### Assets pledged as security

The Group has pledged inventories amounting to approximately Rs.8,193 Mn or equivalent to US\$ 27,880,000 (2021: Rs. 3,748 Mn or equivalent to US\$ 18,760,000) as security for bank borrowings.

## 30 TRADE AND OTHER FINANCIAL RECEIVABLES AND OTHER NON - FINANCIAL RECEIVABLES

As at 31st March	Group		Company	
	2022	2021	2022	2021
<b>Non Current</b>				
<b>Other financial receivables</b>				
Land compensation receivable (Note c)	24,759	24,759	-	-
	24,759	24,759	-	-
<b>Other non financial receivables</b>				
Plasma receivables (Note e)	6,757,645	4,791,058	-	-
Income tax receivable	3,813,211	2,977,370	-	-

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

As at 31st March	Group		Company	
	2022	2021	2022	2021
Other receivables	3,545,151	1,673,006	-	-
	14,116,007	9,441,434	-	-
<b>Current</b>				
<b>Trade receivables</b>				
Trade receivables (net of provisions)	9,000,431	4,800,369	98	12,416
Amount due from related companies (Note d)	23,052	-	216,792	128,361
	9,023,483	4,800,369	216,890	140,777
<b>Other financial receivables</b>				
Other receivables	2,854,577	2,143,576	-	-
Loans given to employees	34,003	23,545	-	-
	2,888,580	2,167,121	-	-
<b>Other non financial receivables</b>				
Plasma receivables (Note e)	4,408,676	2,861,036	-	-
Advances made on projects	1,184	717	-	-
Taxes receivable	3,278,170	4,375,518	-	-
Prepayments	2,881,884	1,710,462	7,323	5,454
	10,569,914	8,947,733	7,323	5,454
Total financial & non financial receivable - Non Current	14,140,766	9,466,193	-	-
Total financial & non financial receivable - Current	22,481,977	15,915,223	224,213	146,231
<b>Financial assets carried at amortised cost</b>				
Trade receivables	9,023,483	4,800,369	216,890	140,777
Other financial receivables - Current	2,888,580	2,167,121	-	-
Other financial receivables - Non current	24,759	24,759	-	-
Cash and Bank balances (Note 31)	35,470,538	19,953,659	539,134	903,460
	47,407,360	26,945,908	756,024	1,044,237

### (a) Assets pledged as security

The Group has pledged trade receivables (including intercompany trade receivable) amounting to approximately Rs.5,689 Mn or equivalent to US\$ 19,359,000 (2021: Rs. 3,198 Mn or equivalent to US\$ 16,008,000) as security for bank borrowings.

### (b) Trade receivables denominated in foreign currency as follows:

As at 31st March	Group	
	2022	2021
US Dollar	3,976,355	2,091,820
Malaysian Ringgit	1,637,444	1,057,900
Indonesian Rupiah	2,286,602	848,678
	7,900,401	3,998,398

### Credit Risk Exposure

#### Oil palm plantation & oils and fats

Trade receivables of the oil palm plantation business segment are generally non-interest bearing and generally within 30 days term, while those of the oils and fats business segment generally have 30 to 180 days term. They are recognised at their original invoice amounts which represent their fair value at initial recognition

#### Beverage sector

The Beverage sector has a well established credit policy for both international and domestic customers to minimise credit risk. A credit evaluation team comprising of personnel from Finance, Sales & Operations evaluate and recommend the credit worthiness of the customer. The Group obtains bank guarantee from all the agents to cover part of their outstanding whilst the balance is covered through a facility from a bank. This banking facility is extended to all agents except those who are out of this scheme

The bank guarantees and the facility from the bank cover 96% (2021 - 92%) of the trade receivables.

(Amounts expressed in Sri Lankan Rs. '000)

#### Real estate sector

Real estate sector obtains refundable rental deposits from non-related tenants, covering the rental income for a period of 3-6 months, which provides cover to the sector in the event of a default.

The terms of the lease agreements also require tenants to pay rental in advance on a monthly basis, which provides further cover against risk of a default.

The sector also follows a careful credit evaluation process for new tenants before entering into any rent agreements with them.

#### Hotel sector

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment, delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum open amount that can be offered without requiring specific approval.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a corporate customer or tour operator, and also evaluate to identify the existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's corporate and tour operator segments. Customers that are graded as 'high risk' are placed on a restricted customer list, monitored and future sales are made on prepayment basis.

### (c) Land compensation receivable

#### Pegasus Hotels of Ceylon PLC (PRH)

The Government of Sri Lanka acquired approximately 1,605 perches of land owned by 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, PRH submitted 2 claims of compensation amounting to Rs.563 mn for a portion of 1,251 perches of the acquired land and a claim for Rs.159.3mn for balance portion of 353.89 perches of land in 2008/09 and 2016/17 respectively. However, PRH recorded carrying value of the 2 compensation claims at Rs.189.5 mn and Rs.43,310 respectively in the financial statements on prudence based on the market conditions and the land terrain conditions.

Accordingly, the carrying value of said total approximately 1,605 perches of land amounting to Rs. 293.7mn has been removed from the property, plant and equipment during the financial years 2008/09 and 2017/18. On 06.05.2019, PRH received an official notification pertaining to the claim of compensation for the said 353.89 perches, awarding a compensation of Rs.5,459,500/- relating to the claim of Rs.159.3 mn. The PRH has 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 value of the compensation award for the balance land of 1,251 perches is yet to be announced by the Divisional Secretary due to an ongoing litigation where an individual after having lost the case he filed in the District Court against PRH has appealed to the Civil Appellate High Court. In the opinion of the lawyer's a time estimation cannot be given for the finality of this litigation, as both parties have a right of appeal to the Supreme Court. Under these circumstances, even if a valuation is determined by the Government, such value will not be disclosed until the said litigation has come to a finality. However, as a matter of prudence PRH made a provision for the compensation receivable for this land also based on the criteria of compensation awarded for the aforesaid 353.89 perches. Accordingly, a total of Rs.164.78 mn provision has been made on the compensation receivable over the years.

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.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 30 TRADE AND OTHER FINANCIAL RECEIVABLES AND OTHER NON - FINANCIAL RECEIVABLES (Contd.)

#### (d) Amounts due from related companies

As at 31st March	Group		Company	
	2022	2021	2022	2021
<b>Current</b>				
Ceylon Guardian Investment Trust PLC	-	-	69,731	-
Carsons Management Services (Private) Limited	-	-	125,108	106,408
Equity Hotels Ltd	-	-	21,953	21,953
Premium Fats Sdn. Bhd.	23,052	-	-	-
	23,052	-	216,792	128,361

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.

#### (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 estates. 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 2022 and 2021.

### 31 CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2022	2021	2022	2021
<b>Deposits</b>				
F.C.B.U. deposits	10,725	15,541	-	-
Call deposits	10,117,562	434,992	-	288,667
Fixed deposits and Savings	12,430,503	11,780,425	50	546,424
Short - term deposits	22,558,790	12,230,958	50	835,091
Cash in hand and at bank	12,911,748	6,934,764	539,084	68,369
Total cash and cash equivalents - continuing operations	35,470,538	19,165,722	539,134	903,460
<b>Total cash and short-term deposits</b>				
- Continuing operations	35,470,538	19,165,722	539,134	903,460
- Discontinued operation	-	787,937	-	-
	35,470,538	19,953,659	539,134	903,460

(Amounts expressed in Sri Lankan Rs. '000)

**(a) Cash and cash equivalents denominated in foreign currencies as at 31st March are as follows:**

As at 31st March	Group	
	2022	2021
US Dollars (USD)	5,480,676	2,445,719
Indonesian Rupiah (IDR)	10,605,768	1,368,436
Malaysian Ringgit (MYR)	665,028	1,025,727
Indian Rupee (INR)	529,848	322,725
Singapore Dollar ('SGD')	35,264	7,594
	17,316,584	5,170,201

**Assets pledged as security**

Certain bank accounts of the Group have been pledged as security for bank borrowings. As at 31st March 2022, these accounts have a total amount of Rs. 541.60 Mn or equivalent to US\$ 1,843,000 (2021: Rs. 559 Mn or equivalent to US\$ 2,800,000). There are no legal and contractual restrictions on the use of the pledged bank accounts.

**Cash management**

**Oil palm plantations**

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 2022, Re Purchase Agreements (REPO's) placed in Sri Lanka earned interest of 4.35% to 11.00% per annum (2021: 4.35% to 6.40% per annum). Fixed deposit placed in Sri Lanka earned interest of 3.5% to 6.45% for USD short-term deposits (2021: 4%), 4.5% to 6.5% for LKR short-term deposits In Sri Lanka, Call Deposit placed in Indonesia earned interest of 2.8% for IDR short-term deposits (2021: 6%) and no interest was earned for Malaysian Ringgit ("MYR") and as no funds were placed in these short-term deposits.

**Edible oils and fats**

Certain deposits that are kept with banks 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 1.75% to 2.35% per annum (2021: 1.5% to 2.1% per annum). Any excess cash is further utilised to reduce the overdraft interest incurred.

**Real estate sector**

Short-term deposits earn interest at fixed rates based on bank deposit rates and are made for varying periods from one month to one year, depending on the cash availability and cash requirements of the sector. For the financial year ended 31 March 2022, fixed deposits placed earned interest of 3.5% to 15% (2021: 3.9% to 15.2%). Treasury Bills and Re-Purchase Agreements (REPO's) placed earned interest of 5.1% to 8.38% per annum. Further, the sector is investing its excess cash in unit trust investments also as appropriate.

**Leisure sector**

Short-term deposits earn interest at fixed rates based on bank deposit rates and are made for varying periods from three months to one year, depending on the cash availability and cash requirements of the sector. For the financial year ended 31 March 2022, fixed deposits placed earned interest of 4.3% to 9.4% (2021: 3.3% to 5.3%). Further, the sector is investing its excess cash in unit trust investments also as appropriate.

**(b) For the purpose of the consolidated cash flow statement, cash equivalent comprise the following:**

As at 31st March	Group		Company	
	2022	2021	2022	2021
Short - term deposits	22,558,790	12,230,958	50	835,091
Cash-in-hand and at bank	12,911,748	7,722,701	539,084	68,369
	35,470,538	19,953,659	539,134	903,460
Short - term borrowings	(30,347,794)	(18,933,879)	(1,620,826)	(2,303,336)
	5,122,744	1,019,780	(1,081,692)	(1,399,876)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 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 2022, non current assets of Arani Agro Oil Industries (Pvt) Ltd (AAOIL) is 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

	2022	2021
Opening balance as at 1st April	1,511,098	690,532
Addition during the year	-	787,937
Disposed during the year	(787,937)	-
Effect of movements in exchange rates	378,441	32,629
Closing Balance as at 31st March	1,101,602	1,511,098

#### (b) The information relating to assets that were classified as held for sale are stated below;

As at 31st March	2022	2021
Arani Agro Oil Industries (Pvt) Ltd		
Assets		
Non current Assets		
Property, plant & equipment	1,101,602	723,161
	1,101,602	723,161
Guardian Capital Partners PLC		
Assets		
Current Assets		
Cash and cash equivalents	-	787,937
	-	787,937
Total Assets Held for sale	1,101,602	1,511,098

#### (c) Assets pledged

No assets from discontinued operations have been pledged as security for loans and borrowings including property plant and equipment. 2021: Rs. 613.27 Mn (US\$3,069,000)

#### (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.

(Amounts expressed in Sri Lankan Rs. '000)

<b>(e) Result for the year from discontinued operations</b>						
	AAOIL	GCP	Total	AAOIL	GCP	Total
For the year ended 31st March	2022	2022	2022	2021	2021	2021
Revenue	3,247,186	14,367	3,261,553	-	88,577	88,577
Direct operating expenses	(3,158,520)	-	(3,158,520)	-	-	-
	88,666	14,367	103,033	-	88,577	88,577
Other income	7,194	941	8,135	(3,246)	-	(3,246)
Administrative expenses	(116,459)	-	(116,459)	(126,093)	(4,392)	(130,485)
Foreign exchange losses	(8,179)	(651)	(8,830)	(2,491)	-	(2,491)
Profit/(loss) from operations	(28,778)	14,657	(14,121)	(131,830)	84,185	(47,645)
Net finance cost	(22,313)	-	(22,313)	(57,380)	-	(57,380)
Profit/(loss) before Income tax expenses	(51,091)	14,657	(36,434)	(189,210)	84,185	(105,025)
Income tax expenses						
Current taxation	-	(3,455)	(3,455)	-	(4,970)	(4,970)
Deferred taxation	-	-	-	-	-	-
	-	(3,455)	(3,455)	-	(4,970)	(4,970)
Profit/(loss) from discontinued operations, net of tax	(51,091)	11,202	(39,889)	(189,210)	79,215	(109,995)
Net impact from discontinued operations, net of tax	(51,091)	11,202	(39,889)	(189,210)	79,215	(109,995)

<b>(f) Net cash flows from discontinued operations</b>		
As at 31st March	Group	
	2022	2021
Net cash inflow/(outflow) from operating activities	(58,248)	216,327
Net cash outflows from investing activities	(2,461)	(377)
Net cash inflows from financing activities	99,063	602,830
Net cash in flows	38,354	818,780

<b>(ii) The information relating to the disposal assets and liabilities of subsidiaries</b>		
	Guardian Capital Partners PLC	The Sri Lanka Fund
<b>Assets</b>		
Cash and cash equivalents	797,815	162,586
	797,815	162,586
<b>Liabilities</b>		
Trade and other payables	1,789	-
	1,789	-
Net assets directly associated with disposal	796,026	162,586
Cash consideration receive	714,684	127,268
Net assets directly associated with disposal	(796,026)	(162,586)
Carrying amount of the non-controlling interest as at disposal date	180,966	89,756
Realization of intergroup profit from disposal of subsidiary	222,514	-
Realization of currency translation reserve with disposal	-	(39,061)
Gain on disposal of subsidiaries	322,138	15,377

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### DISPOSAL OF SUBSIDIARY - GUARDIAN CAPITAL PARTNERS PLC

The Group Subsidiary Ceylon Guardian Investment Trust PLC (CGIT), on 28th October 2021, disposed its entire holding of Guardian Capital Partners PLC (GCP), amounting to 21,692,800 ordinary shares or 83.97% equity stake of GCP held by CGIT to a nonrelated party, for a purchase consideration of Rs.32.30 per share through the trading floor of the Colombo Stock Exchange (CSE). The total consideration of the transaction was Rs.700,677,440. The Company via disclosure to the CSE on 28th October 2021 informed that GCP would no longer be considered as a subsidiary company within the Carson Cumberbatch Group.

The Company accepted the mandatory offer made by the major shareholder of GCP on 19th November 2021 for the entire shareholding of 581,950 ordinary shares held by the Company in GCP at a price of Rs. 32/30 per share.

### 33 STATED CAPITAL

As at 31st March	Group/Company			
	No of shares		Stated capital	
	2022	2021	2022	2021
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	
	2022	2021	2022	2021
Represented by				
Capital accretion reserve	287,552	287,552	287,552	287,552
Revaluation reserve (Note a)	2,085,100	1,377,206	-	-
Other capital reserves (Note b)	1,477,484	1,471,176	-	-
	3,850,136	3,135,934	287,552	287,552

#### (a) Revaluation reserve

This relates to the revaluation of property plant and equipment prior to 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.

(Amounts expressed in Sri Lankan Rs. '000)

35 REVENUE RESERVES	Group		Company	
	2022	2021	2022	2021
As at 31st March				
Represented by				
Currency translation reserve (Note a)	7,129,396	(2,761,581)	-	-
Revenue reserve	328,597	327,131	-	-
FVOCI Reserve (Note b)	6,510,968	5,934,138	3,935,365	3,992,337
Cash flow hedging Reserve (Note c)	(248,240)	(166,523)	-	-
Retained earning	38,342,668	31,614,593	7,518,618	7,287,194
	52,063,389	34,947,758	11,453,983	11,279,531

**(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)

36 DERIVATIVE FINANCIAL INSTRUMENT	Contract/ Notional amount	Asset	Liability	Contract/ Notional amount	Asset	Liability
As at 31st March	2022	2022	2022	2021	2021	2021
<b>Non-current</b>						
Embedded derivatives						
RCPS derivative	-	-	2,013,392	-	-	1,104,061
	-	-	2,013,392	-	-	1,104,061
<b>Current</b>						
Derivatives not designated as hedging instruments						
Foreign exchange forward contracts	16,986,568	143,409	-	8,443,617	-	7,793
Commodity swap contracts	-	-	-	141,280	-	4,996
Derivatives designated as hedging instruments						
Commodity swap contracts	-	-	-	2,338,810	-	302,543
Put Option Contracts	42,920,301	351,175	-	5,394,011	190,638	-
Energy swap contracts	-	-	-	-	-	-
	59,906,869	494,583	-	16,317,718	190,638	315,332

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 (2021: 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 2022.

#### 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:

As at 31 March 2022	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 2022</b>				
Commodity swap contracts	-	-	Derivative financial instruments	-
Put Option Contracts	42,920,301	349,118		
Energy swap contracts	-	-	Derivative financial instruments	-
<b>As at 31 March 2021</b>				
Commodity swap contracts	2,338,810	(302,543)	Derivative financial instruments	-
Put Option Contracts	5,394,011	190,638		
Energy swap contracts	-	-	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 2022</b>		
Highly probable forecast sales of CPO	-	589,797
Forecasted diesel consumption	-	-
<b>As at 31 March 2021</b>		
Highly probable forecast sales of CPO	-	364,090
Forecasted diesel consumption	-	-

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 2022</b>			
Commodity swap contracts	(98,862)	-	Other operating expenses
Put Option Contracts	(54,366)	-	
Energy swap contracts	-	-	Other operating expenses
	(153,228)		
<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)		

#### 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 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 2022 amounted to Rs. 2013.39 Mn (US\$6,851,000) . 2021: Rs. 1,104.06 Mn US\$5,525,000).

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

37 INTEREST BEARING BORROWINGS	Note	Maturity	Group		Company	
			2022	2021	2022	2021
As at 31st March						
<b>Current Liabilities</b>						
<b>Secured</b>						
Long term borrowings - amount due within one year	A	2023	6,127,207	5,624,514	-	-
Working capital facilities	B	2023	23,870,628	14,462,729	-	-
			29,997,835	20,087,243	-	-
<b>Unsecured</b>						
Long term borrowings - amount due within one year		2023	653,947	1,996,818	225,000	125,000
Working capital facilities		2023	7,364,861	5,337,336	1,624,256	2,308,178
			8,018,808	7,334,154	1,849,256	2,433,178
<b>Total loan payable within the year</b>			<b>38,016,643</b>	<b>27,421,397</b>	<b>1,849,256</b>	<b>2,433,178</b>
<b>Non - Current Liabilities</b>						
<b>Secured</b>						
Long term borrowings	A	2024 - 2026	65,929,478	48,534,486	-	-
Redeemable Convertible Preference Shares (RCPS)	A	2024 - 2026	4,106,059	2,450,866	-	-
			70,035,537	50,985,352	-	-
<b>Unsecured</b>						
Long term borrowings			2,389,477	3,333,666	560,417	343,750
			2,389,477	3,333,666	560,417	343,750
<b>Total Long term bank borrowings - amount due after one year</b>			<b>72,425,014</b>	<b>54,319,018</b>	<b>560,417</b>	<b>343,750</b>
<b>Total loans and Borrowings</b>			<b>110,441,657</b>	<b>81,740,415</b>	<b>2,409,673</b>	<b>2,776,928</b>
As at 31st March					Group	
					2022	2021
<b>Long term Bank Borrowings</b>						
<b>Movement in Long - Term Borrowings</b>						
Balance as at the beginning of the year					59,489,484	56,793,406
<b>Cash Movement</b>						
Obtained during the year					60,248	1,484,241
Re - payments during the year					(4,810,677)	(3,102,646)
Reclassification of short term loan					500,000	500,000
<b>Non cash Movement</b>						
Impact on exchange rate changes on conversion					20,461,900	4,553,308
Unamortized transaction cost					(600,846)	(738,825)
					75,100,109	59,489,484
Amounts falling due within one year					(6,781,154)	(7,621,332)
Amounts falling due after one year					68,318,955	51,868,152

(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	
	2022	2021
Malaysian Ringgit (MYR)	9,041,139	5,773,488
US Dollar (USD)	90,690,554	63,182,050
Indian Rupee (INR)	-	2,146,374
Indonesian Rupiah (IDR)	855,422	681,220
	100,587,115	71,783,132

#### A LONG-TERM LOANS (GOODHOPE ASIA HOLDINGS LTD (GAHL) AND ITS SUBSIDIARIES)

Group's long-term loans are secured by pledge over GAHL's 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

USD 170 million, 5-year Senior Secured Amortizing Term Loan Facility from a consortium of banks to partly refinance the existing senior long-term loan at the Group's Oil Palm Plantations segment. This facility was fully drawn as at 31 March 2020. Repayments commenced 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 31 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 the GAHL. RCPS holder has the option to convert to ordinary shares of the Company at any time during the term (i.e. 6-years from issuance date of 3rd October 2019) and at the time of 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 Company already. It is a zero-coupon instrument however RCPS holder is entitled to dividends paid to ordinary shareholders of the Company 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	2022	2021
Lease liabilities	4.5% - 11.8%	4.5% - 11.8%
Short-term loans	5.20%	4.70%
Long-term bank loans	7.80%	7.60%

### 38 RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for various items of buildings, equipment, machinery, vehicles and land rights used in its operations. Leases of buildings generally have lease terms between 1 and 6 years, equipment, machinery and vehicles generally have lease terms between 1 and 5 years while land rights generally have lease terms of 30 years. The Group's obligations under some of 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. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

#### 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 2022.

	Land/Building/ Warehouse	Motor vehicles	Heavy equipment	Total 2022	Total 2021
As at 1 April 2021	330,502	531,548	598,491	1,460,541	1,171,613
Additions	252,725	11,691	165,926	430,342	521,148
Depreciation expense	(138,861)	(94,141)	(70,554)	(303,556)	(352,276)
Disposal	(2,569)	-	(5,948)	(8,517)	(40,001)
Adjustment on modification	(19,895)	-	-	(19,895)	-
Transfer	-	(49,019)	(211,253)	(260,272)	(4,291)
Effect of movements in exchange rates	79,289	206,175	242,145	527,609	164,348
As at 31 March 2022	501,191	606,254	718,807	1,826,252	1,460,541

(Amounts expressed in Sri Lankan Rs. '000)

<b>b) Set out below are the carrying amounts of lease liabilities movements</b>		
	2022	2021
As at 1 April 2021	966,336	872,042
Additions	430,342	512,849
Accretion of interest	111,940	125,006
Payments	(630,041)	(605,867)
Reclassified as operating liabilities	(29,946)	(36,064)
Effect of movements in exchange rates	184,310	98,370
As at 31st March 2022	1,032,941	966,336
Current	550,113	463,243
Non-current	482,828	503,093
	1,032,941	966,336
<b>c) Following are the amounts recognised in profit or loss</b>		
As at 31st March	2022	2021
Depreciation expense of right-of-use assets	563,418	352,276
Interest expense on leases liabilities	111,940	125,006
Total amount recognised in profit or loss	675,358	477,282
<b>d)</b> The Group had total cash outflows for leases of Rs. 630 Mn during the year. The Group also had non-cash additions to right-of-use assets and lease liabilities of Rs. 605 Mn during the year.		
<b>e)</b> During the financial year ended 31 March 2022, the Group recognised additions of right-of-use assets with an aggregate cost of Rs. 430 Mn (2021 - Rs. - 512 Mn)		

## 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	
	As at 31st March	2022	2021	2022
<b>Non Current</b>				
<b>Other financial payables</b>				
Rental and telephone deposits [Note 39 a]	86,698	88,862	-	-
Other payables*	-	820,474	-	-
	86,698	909,336	-	-
<b>Other non financial liabilities</b>				
Employee benefits (Note 40)	1,556,911	1,566,372	-	-
Plasma payable	337,595	83,055	-	-
<b>Total other non financial liabilities</b>	<b>1,894,506</b>	<b>1,649,427</b>	<b>-</b>	<b>-</b>
<b>Current</b>				
<b>Trade payables</b>				
Trade payables	8,110,868	3,718,062	-	-
	8,110,868	3,718,062	-	-
<b>Other financial payables</b>				
Customer deposits (Note 39 b)	2,301,181	1,900,393	-	-
Taxes payable	2,148,235	1,751,583	-	-
Accrued expenses	9,526,663	5,831,480	275,380	186,455
Other creditors	3,502,152	3,183,262	20,520	24,794
<b>Total other financial payables</b>	<b>17,478,231</b>	<b>12,666,718</b>	<b>295,900</b>	<b>211,249</b>
<b>Total trade and other financial payables</b>	<b>25,675,797</b>	<b>17,294,116</b>	<b>295,900</b>	<b>211,249</b>
<b>Other non financial payable</b>				
Sales Advances	5,277,905	1,590,847	-	-
Taxes payable	995,044	515,761	-	-
<b>Total other non financial payable</b>	<b>6,272,949</b>	<b>2,106,608</b>	<b>-</b>	<b>-</b>
<b>Total trade and other payable - Non Current</b>	<b>1,981,204</b>	<b>2,558,763</b>	<b>-</b>	<b>-</b>
<b>Total trade and other payable - Current</b>	<b>25,589,099</b>	<b>16,384,780</b>	<b>295,900</b>	<b>211,249</b>
<b>Financial liabilities carried at amortised cost</b>				
Trade and other financial - current payables	25,589,099	16,384,780	295,900	211,249
Other financial payables - non-current	86,698	909,336	-	-
Loans and borrowings	110,441,657	81,740,415	2,409,673	2,776,928
<b>Total financial liabilities carried at amortised cost</b>	<b>136,117,454</b>	<b>99,034,531</b>	<b>2,705,573</b>	<b>2,988,177</b>
<p>- 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.  * - Other non-current Financial payables are non-interest bearing and relate to mill supplier payables due after one year.</p>				
<b>(a) Rental Deposits</b>				
As at 31st March	Group			
	2022	2021		
Balance as at the beginning of the year	88,862	73,163		
Receipts during the year	2,298	17,903		
Transferred to deferred revenue	(3,368)	(10,424)		
Refunds during the year	(7,370)	-		
Unwinding of interest on refundable deposits	6,276	8,220		
<b>Balance as at the end of the year</b>	<b>86,698</b>	<b>88,862</b>		
Face value	102,696	107,769		

(Amounts expressed in Sri Lankan Rs. '000)

### 39 TRADE AND OTHER FINANCIAL PAYABLES AND OTHER NON-FINANCIAL LIABILITIES (Contd.)

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.

#### (b) Customer Deposits

As at 31st March	Group	
	2022	2021
Balance as at the beginning of the year	1,900,393	1,715,620
Receipts during the year	400,788	366,291
Empty container deposit write back during the year	-	(181,518)
Balance as at the end of the year	2,301,181	1,900,393

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	
	2022	2021
Currency		
US Dollar (USD)	364,399	81,730
Malaysian Ringgit (MYR)	2,015,654	525,153
Indonesian Rupiah (IDR)	4,074,214	1,881,599
	6,454,267	2,488,482

- (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	
	2022	2021
Balance as at the beginning of the year	1,566,372	1,165,496
The amounts recognized in the profit or loss are as follows		
Current service cost	135,271	160,888
Interest cost	89,219	108,265
Past service costs *	(113,247)	(12,860)
Immediate recognition on new entrants	13,554	37,447
Curtailment gain	(67,326)	(36,215)
Adjustment on the previous year	(17,945)	10,839
	39,526	268,364
The amount recognized in other comprehensive income		
Remeasurements of defined benefit obligation	(223,720)	93,387
	(223,720)	93,387

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

40 EMPLOYEE BENEFITS (Contd.)	Group			
	2022	2021		
As at 31st March				
Others				
Payments made during the year	(190,480)	(117,873)		
Effect of movements in exchange rates	365,213	156,998		
	174,733	39,125		
Balance as at the end of the year	1,556,911	1,566,372		
<p>*As a result of the change in retirement age as per 'Minimum Retirement Age of Workers Act, No. 28 of 2021', past service credit was recognised during the year.</p>				
<b>(a) Accounting judgements, estimates and assumptions</b>				
<b>Employee benefit liability</b>				
<p>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. Due to 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.</p>				
The actuarial valuation was made using the following assumption:				
	Sri Lanka		Indonesia	
	2022	2021	2022	2021
Discount rate	15% per annum	7.5% - 8.0% per annum	7.55% per annum	7.55% per annum
Future salary increment rate	10% per annum	6% - 10% per annum	4% per annum	4% per annum
Mortality rate	A 1967/70 Mortality Table, issued by the Institute of Actuaries, London was used.	A 1967/70 Mortality Table, issued by the Institute of Actuaries, London was used.	Indonesian Table of Mortality year 2019	Indonesian Table of Mortality year 2019
Disability rate			10% of mortality rate	10% of mortality rate
Retirement age	60 years	55 years	55 years	55 years
Weighted average duration (years) of defined benefit obligation				
Beverage sector		6.41		9.28
Management/property/Hotel sectors		10.51		9.31

(Amounts expressed in Sri Lankan Rs. '000)

**(b) Sensitivity analysis on the key assumptions used in actuarial valuation is as follows:**

2022	Discount Rate		Future Salary Increments	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Consolidated balance sheet				
Employee benefit liability				
Sri Lankan Subsidiaries	(12,582)	13,897	15,461	(14,167)
Overseas Subsidiaries	(87,867)	98,740	107,556	(96,683)
Consolidated statement of comprehensive income				
Sri Lankan Subsidiaries	12,582	(13,897)	(15,461)	14,167
Overseas Subsidiaries	87,867	(98,740)	(107,556)	96,683
2021	Discount Rate		Future Salary Increments	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Consolidated balance sheet				
Employee benefit liability				
Sri Lankan Subsidiaries	(12,454)	13,784	14,767	(13,547)
Overseas Subsidiaries	(88,725)	102,113	110,906	(97,317)
Consolidated statement of comprehensive income				
Sri Lankan Subsidiaries	12,454	(13,784)	(14,767)	13,547
Overseas Subsidiaries	88,725	(102,113)	(110,906)	97,317

**41 NET ASSETS PER SHARE**

As at 31st March	Group		Company	
	2022	2021	2022	2021
Total Equity	116,063,040	79,080,525	12,856,187	12,681,735
Less				
Non -controlling interest	(59,034,863)	(39,882,181)	-	-
Total equity attributable to owners of the Company	57,028,177	39,198,344	12,856,187	12,681,735
Number of ordinary shares used as the denominator				
Ordinary shares in issue (Nos.)	196,386,914	196,386,914	196,386,914	196,386,914
Net Assets per Share (Rs.)	290.39	199.60	65.46	64.58

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 42 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) 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) Fair value of assets and liabilities that are carried at fair value - Group

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>2022</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
Investment in equity and debt securities				
- Non current	9,662,406	-	-	9,662,406
Investment in equity and debt securities				
- Current	7,860,934	297,188	123,072	8,281,194
Investment in Unit trust	-	488,035	-	488,035
Derivative financial instrument	-	494,583	-	494,583
As at 31st March 2022	17,523,340	1,279,806	123,072	18,926,218
<b>Non-financial assets:</b>				
Biological assets	-	-	7,364,627	7,364,627
Assets held for sale	-	-	1,101,602	1,101,602
Investment properties	-	-	5,064,410	5,064,410
Freehold Land & Buildings	-	-	11,554,845	11,554,845
As at 31st March 2022	-	-	25,085,484	25,085,484
<b>Liabilities measured at fair value</b>				
<b>Financial liabilities</b>				
Derivative financial instrument	-	-	2,013,392	2,013,392
As at 31st March 2022	-	-	2,013,392	2,013,392
<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	246,833	238,736	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	635,624	238,736	18,973,395
<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

(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>Liabilities measured at fair value</b>				
Financial liabilities	-	-	-	-
Derivative financial instrument	-	315,332	1,104,061	1,419,393
As at 31st March 2021	-	315,332	1,104,061	1,419,393

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).

##### 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 3,026 IDR and Annual Volatility of stock returns range 29.28 %	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

## 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	Private Equity	Total Financial assets
As at 31st March 2020	204,412	139,650	344,062
Net gain arising from changes in fair value of assets	-	-	-
Foreign currency translation	-	-	-
Change in fair value	10,624	(12,987)	(2,363)
Movements in assets	(102,963)	-	(102,963)
As at 31st March 2021	112,073	126,663	238,736
Net gain arising from changes in fair value of assets	-	-	-
Foreign currency translation	-	-	-
Change in fair value	10,696	-	10,696
Movements in assets	-	(126,360)	(126,360)
As at 31st March 2022	122,769	303	123,072

There have been no transfers from level 1, level 2 or level 3 for the financial years ended 31st March 2022 and 31st March 2021.

#### Movements in Level 3 liabilities

As at 31st March	Derivative financial instruments
As at 31st March 2020	1,227,608
Net (gain)/loss arising from changes in fair value of liabilities	(178,554)
Foreign currency translation	55,007
As at 31st March 2021	1,104,061
Net (gain)/loss arising from changes in fair value of liabilities	341,433
Foreign currency translation	567,898
As at 31st March 2022	2,013,392

There have been no transfers from level 1, level 2 or level 3 for the financial years ended 31st March 2022 and 31st March 2021.

(Amounts expressed in Sri Lankan Rs. '000)

	Investment properties	Freehold Land & Buildings	Biological assets	Total Non Financial assets	Total
	4,396,967	8,614,657	1,557,026	14,568,650	14,912,712
	-	-	-	-	-
	-	-	283,625	283,625	283,625
	61,318	442,808	531,357	1,035,483	1,033,120
	21,181	795,256	-	816,437	713,474
	4,479,466	9,852,721	2,372,008	16,704,195	16,942,931
			1,644,927	1,644,927	1,644,927
	578,208	1,631,564	3,347,692	5,557,464	5,568,160
	6,736	70,560	-	77,296	(49,064)
	5,064,410	11,554,845	7,364,627	23,983,882	24,106,954

Description As at 31st March	Fair value		Valuation technique	Unobservable inputs	Range
	2022	2021			
Biological assets	7,364,627	2,372,008	Income approach	Projected Harvested Quantities Market price of FFB	110,055 (2021-116,500) 168-258 (USD/MT) (2021 79-154 USD MT)
RCPS derivative	2,013,392	1,104,061	Binominal lattice model	Equity value Annual Volatility of stock returns	3,026 (IDR) 2,662 (IDR) 29.28% 2021 (27.22%)
Investment in Equity Securities - Unquoted Shares	122,769	112,073	Adjusted net assets	Net assets value	
Private Equity	303	126,663	Based on the recently announced right issue price	N/A	N/A

## 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 2022	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	9,662,406	8,281,194	-	-	17,943,600
Investment in unit trust	-	488,035	-	-	488,035
Trade and other financial receivables	-	-	11,936,822	-	11,936,822
Derivative financial instruments	-	494,583	-	-	494,583
Cash and cash equivalents	-	-	35,470,538	-	35,470,538
	9,662,406	9,263,812	47,407,360	-	66,333,578
<b>Financial liabilities</b>					
Long term borrowings	-	-	-	75,100,109	75,100,109
Redeemable Convertible Preference Shares (RCPS)	-	-	-	4,106,059	4,106,059
Lease liabilities	-	-	-	1,032,941	1,032,941
Trade and other financial payables	-	-	-	25,675,797	25,675,797
Derivative financial instrument	-	2,013,392	-	-	2,013,392
Short term borrowings	-	-	-	31,235,489	31,235,489
	-	2,013,392	-	137,150,395	139,163,787
<b>As at 31st March 2021</b>					
<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	-	45,919,303
<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	-	-	-	17,294,116	17,294,116
Derivative financial instrument	-	1,419,392	-	-	1,419,392
Short term borrowings	-	-	-	19,800,065	19,800,065
	-	1,419,392	-	100,000,867	101,420,259

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 2022 and 31st March 2021. 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 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 2022 and 2021 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	2022	2022	2021	2021
		% of total		% of total
Investment Holding/Portfolio and Asset Management	174,720	1%	218,546	3%
Oil Palm Plantations	4,716,163	40%	2,559,377	37%
Oils & Fats	5,961,052	50%	3,259,162	47%
Beverage	938,113	8%	837,426	12%
Real Estate	71,026	1%	64,238	1%
Leisure	50,947	0%	28,549	0%
Management Services	42	0%	192	0%
	11,912,063	100%	6,967,490	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	2022	2022 % of total	2021	2021 % of total
Sri Lanka	1,204,852	10%	1,151,832	17%
Malaysia	5,816,311	49%	3,175,104	46%
Indonesia	4,709,923	40%	2,551,433	37%
India	144,741	1%	84,058	1%
Singapore	2,446	0%	5,063	0%
Mauritius	33,790	0%	-	0%
	11,912,063	100%	6,967,490	100%

The ageing of trade receivables at the reporting date are as follows:

<b>Beverage Sector</b>				
0 - 365 days			628,507	537,609
More than 365 days			57,374	57,535
			685,881	595,144
<b>Oils &amp; Fats Sector</b>				
30 - 180 days			5,759,066	3,161,167
<b>Oil Palm Plantations Sector</b>				
0 - 30 days			2,141,335	837,232
<b>Leisure Sector</b>				
1-30 days			14,660	3,595
31-90 days			4,548	1,155
91-120 days			662	-
121 days above			7,008	13,643
			26,878	18,393

#### 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.

#### Deposits with banks

Deposits with bank mainly consist of fixed and call deposits.

As at 31 March 2022, fixed and call deposits comprise 99% (2021 - 98%) and 90% (2021 - 89%) for the Group and Company respectively were rated "A" or better

As at 31st March	2022	Group	2021	
Credit rating	17,837,184	50%	6,916,266	35%
AAA	9,408,853	27%	8,608,975	43%
AA+	1,877,891	5%	1,565,497	8%
AA-	1,654,253	5%	299,159	1%
A+	194,454	1%	526,490	3%
A	3,974,693	11%	1,492,711	7%
BBB+	151,840	0%	80,673	0%
A1*	-	0%	81,215	0%
A2*	59,545	0%	-	0%
Baa2*	311,765	1%	382,613	3%
Baa3*	60	0%	60	0%
Unrated	35,470,538	100%	19,953,659	100%

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Fair value through profit or loss financial assets - investment in unit trusts

Guardian Acuity Asset Management Limited, a joint venture company of Ceylon Guardian Investment Trust PLC and Acuity Partners Limited, is the Investment Manager of the unit trust funds that the Group has invested in. The Group continuously monitors the performance, asset allocation, credit quality and maturity profiles of these funds in order to assess and mitigate the credit risk

## 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	
	2022	2021	2022	2021
Total cash and bank balances	35,470,538	19,953,659	539,134	903,460
Less: Fixed deposits pledged for bank facilities	(541,602)	(559,524)	-	-
Less: Other deposits with more than 3 months maturity	(22,017,188)	(11,671,434)	-	-
Less: Bank overdrafts and short term loans	(31,235,489)	(19,800,065)	(1,849,256)	(2,433,178)
Cash and cash equivalents	(18,323,741)	(12,077,364)	(1,310,122)	(1,529,718)
Net cash flows generated from operating activities	17,326,401	16,105,913	1,023,874	730,294
Net cash flows used in investing activities	(5,966,128)	(6,831,015)	(230,904)	-
Net cash flows generated from financing activities	(7,257,308)	(2,334,653)	(474,786)	(176,502)
Net cash movement	4,102,964	6,940,245	318,184	553,792

Major application of funds in FY 2022 was as follows

Rs.7.81 Bn was used to fund capital expenditure for plantations development, property, plant and equipment (2021: Rs. 7.47 Bn). Major additions of property, plant and equipment during the year included Oil Mills, in Indonesia.

(Amounts expressed in Sri Lankan Rs. '000)

Group	One year or less	One to five years	Total
<b>2022</b>			
<b>Financial assets</b>			
Investment in equity securities - Non current	-	9,662,406	9,662,406
Investment in equity securities - current	7,860,934	-	7,860,934
Trade and other financial receivables	11,912,063	24,759	11,936,822
Derivative financial instruments	494,583	-	494,583
Cash and cash equivalents	35,470,538	-	35,470,538
Total undiscounted financial assets	55,738,118	9,687,165	65,425,283
<b>Financial liabilities</b>			
Trade and other financial payables	25,589,099	86,698	25,675,797
Loans and borrowings	38,016,643	72,425,014	110,441,657
Lease liabilities	550,113	482,828	1,032,941
Derivative financial instruments	-	2,013,392	2,013,392
Total undiscounted financial liabilities	64,155,855	75,007,932	139,163,787
Total net undiscounted financial liabilities	(8,417,737)	(65,320,767)	(73,738,504)
<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
Total undiscounted financial assets	36,403,141	8,832,440	45,235,581
<b>Financial liabilities</b>			
Trade and other financial payables	16,384,780	909,336	17,294,116
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
Total undiscounted financial liabilities	44,584,752	56,835,508	101,420,259
Total net undiscounted financial liabilities	(8,181,611)	(48,003,068)	(56,184,679)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 43 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

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.

Group	2022	2021
Financial guarantees		
One year or less	13,397,827	11,827,738
One to five years	73,905,660	52,234,163
	87,303,487	64,061,901

### 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 Oil 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 2022 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\$ 24,653,000 (2021 : US\$ 16,936,000).

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 96 % (2021 - 95%) 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.

#### 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.

(Amounts expressed in Sri Lankan Rs. '000)

<b>Investment in equity securities - Quoted shares at fair value through profit or loss</b>				
As at 31st March	Group			
	2022	% of total	2021	% of total
Banks	1,190,522	15%	2,362,461	25%
Chemicals & Pharmaceuticals	156	0%	143	0%
Capital goods	1,283,554	16%	1,436,408	15%
Consumer Durables & Apparel	186,956	2%	-	0%
Consumer service	182,947	2%	177,956	2%
Diversified financials	1,587,597	20%	2,029,954	22%
Energy	616	0%	380	0%
Food beverage & Tobacco	740,067	9%	971,367	10%
Food & Staples Retailing	368,794	5%	826,311	9%
Insurance	830,261	11%	786,010	8%
Materials	111,328	1%	50,035	1%
Real Estate	-	0%	7,750	0%
Software and services	323,570	4%	-	0%
Telecommunication	592,124	8%	504,700	5%
Utilities	10,684	0%	28,991	0%
Foreign equity investment	451,758	6%	108,888	0%
	7,860,934		9,291,354	

### (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:	2022	2021
MYR strengthened by 5%	37,533	(44,514)
MYR weakened by 5%	(37,533)	44,514
IDR strengthened by 5%	(323,033)	(438,353)
IDR weakened by 5%	323,033	438,353

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 43 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

#### (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.

#### Sensitivity analysis on interest rate fluctuation

#### (i) Goodhope Asia Group

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 charged to the income statement.

At the balance sheet date, if US Dollar interest rate had been 50 basis points higher/lower with all other variables held constant, the Group's profit or loss would have decreased/increased by US\$ 1,458,000(2021: US\$ 981,000).

#### (II) Beverage sector

If one percentage point change in the interest rate would have the following impact on pre tax profit

Instrument In Rs.'000s	Increase by one percentage	Decrease by one percentage
Commercial Bank-Rs. 1 Bn	874	(874)
NDB Loan- Rs.1.5 Bn	10,875	(10,875)
Potential impact	11,749	(11,749)
<b>(III) Carson Cumberbach PLC</b>	<b>12,308</b>	<b>(12,308)</b>

#### Management of interest rate risk

The facility limits given by banks are reviewed annually or whenever required. The market rates/values, trends & movements are reviewed weekly to ascertain the interest rate risk and plan of action. A daily review is made on outstanding balances and interest rates

At the end of the reporting period the profile of the Group's interest-bearing financial instruments were as follows.

As at 31st March	2022	2021
<b>Financial Assets</b>		
Short term deposits	22,558,790	12,230,958
	22,558,790	12,230,958
<b>Financial liabilities</b>		
Loans term borrowings	75,100,109	59,489,484
Lease liabilities	1,032,941	966,336
Short term borrowings	31,235,489	19,800,065
Redeemable Convertible Preference Shares (RCPS)	4,106,059	2,450,866
	111,474,598	82,706,751

(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	2022	2021
Gross Debt	111,474,598	82,706,751
Cash and Cash Equivalents	(35,470,538)	(19,953,659)
<b>Net Debt</b>	<b>76,004,060</b>	<b>62,753,092</b>
Equity	116,063,040	79,080,525
<b>Net Debt Ratio</b>	<b>65%</b>	<b>79%</b>

##### (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	2022	2021
Total equity	116,063,040	79,080,525
Liquid working capital:		
Inventories (including biological assets)	28,499,901	12,637,121
Trade receivables	11,912,063	6,967,490
Assets held for sales	1,101,602	1,511,098
Less: Current liabilities (excluding loans and borrowings)	(35,387,114)	(21,370,053)
<b>Total liquid working capital</b>	<b>6,126,452</b>	<b>(254,344)</b>
<b>Adjusted net debt</b>	<b>69,877,608</b>	<b>63,007,436</b>
<b>Adjusted net gearing ratio (%)</b>	<b>60%</b>	<b>80%</b>

## Notes to the Financial Statements

(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	
	2022	2021
Oil Palm plantation and Oil and Fats Sectors		
Approved and contracted for	1,637,150	461,008
Beverage Sector		
Approved and contracted for	893,000	89,000
Total capital commitments	2,530,150	550,008

#### (b) Finance commitment

##### Beverage Sector

Documentary credits established for foreign purchases of the Group as at 31st March 2022 amounts to Rs.2,703 Mn (2021 - Rs. 2,360 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	
	2022	2021
Oil Palm plantation and Oil and Fats		
Purchases	12,289,350	4,111,702
Sales	24,380,337	9,191,181
	36,669,686	13,302,883

(Amounts expressed in Sri Lankan Rs. '000)

## 45 COMMITMENTS (CONTD.)

### (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. 476.65 Mn (2021 - Rs. 436 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. 87.30 Bn or equivalent US\$ 297,082,000 (2021 - Rs. 64 Bn or equivalent USD 320,582,000). 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 2022 in Lion Brewery (Ceylon) PLC (LBCPLC) amounts to Rs. 1,141 Mn (2021 - Rs. 200 Mn), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

#### (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 Company 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 Company 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
- (b) An appeal has been filed in the Civil Appellate Court of Negombo by an individual after having lost the case he filed in the District Court of Negombo claiming declaratory title from court stating that he is the co-owner of 127.5 perches of the land that belonged to the Pegasus Hotel of Ceylon PLC. The said appeal is still pending argument. In any case, the claimed land extent falls within the 1,251 perches of land acquired by the Government for the fisheries harbour project. Since the crystallization of the contingent liability is subject to the ruling of the said Civil Appellate Court case followed by an available appeal process thereafter and the subsequent value determination of the claim by the Government valuer, said contingent liability cannot be quantified.
- (c) On 08.11.2021, M/s Gazelle Asset Management Pte Ltd a company incorporated in Singapore with whom the Ceylon Guardian investment trust PLC (CGIT) had signed a Share Sale and Purchase Agreement has filed action at the Commercial High Court, Sri Lanka claiming Rs.100 million as damages from CGIT alleging wrongful termination of the said Agreement together with an enjoining order against the CGIT from drawing on the escrow funds.

This case was settled on 6th April 2022 and accordingly the claim has been withdrawn by Gazelle Asset Management Pte Ltd and court proceedings terminated.

There were no contingent liabilities other than those disclosed above as at the reporting date.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 46 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

#### (a) Value Added Tax

In accordance with the Gazette No 2282/26 enacted on 31st May 2022, Value Added Tax ("VAT") charged based on the Value Added Tax Act No 14 of 2002 as amended by Act No 6 of 2005, has been increased from 8% to 12% effective from 1st June 2022.

(b) The Board of Directors have approved a first interim dividend of Rs. 1.50 per share for the year ended 31st March 2023 on 24 th June 2022. In Accordance with Sri Lanka Accounting Standards LKAS 10 Events after the reporting period, this dividend has not been recognised as a liability in the Financial Statements as at 31st March 2022.

#### (c) Surcharge tax

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8th April 2022, the Group is liable for the surcharge tax of Rs. 1,368 million out of the taxable income of Rs. 5,473 million for the year of assessment 2020/21. The surcharge tax so calculated shall deemed to be an expenditure for the year ended 31st March 2021. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022.

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements other than note 50 and above.

### 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 its 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 2022 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the 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 2022 audited financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

(Amounts expressed in Sri Lankan Rs. '000)

## 47 RELATED PARTY DISCLOSURES (Contd.)

### (a) Recurrent Transaction

As at 31st March	Group		Company	
	2022	2021	2022	2021
Amounts due from Subsidiaries				
Carsons Management Services (Private) Limited	-	-	125,108	106,408
Equity Hotels Ltd	-	-	21,953	21,953
	-	-	147,061	128,361

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.

### (a) Recurrent Transaction Details

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
Transaction with Subsidiaries				
Dividend Income received	-	-	732,028	415,345
Amounts paid for services obtained (Note i)	-	-	13,231	13,044
Advanced granted (Note ii)	-	-	18,700	(87,420)

### (i) Carsons Management Services (Private) Limited

Support service fees	-	-	12,187	12,000
Secretarial fees paid	-	-	444	444
Computer Fees paid	-	-	600	600
	-	-	13,231	13,044

### (ii) Movement of Recurrent Transaction

Carsons Management Services (Private) Limited	-	-	18,700	(92,420)
Equity Hotels Ltd	-	-	-	5,000
	-	-	18,700	(87,420)

### (iii) Amounts Due from Associate company

Premium Fats Sdn. Bhd.	23,052	-	-	-
	23,052	-	-	-

### (iv) Transaction with Joint Venture

Secretarial fees received	251	251	-	-
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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.

### (v) Transaction with Other related entities

Carson Cumberbatch PLC has provided letters of comfort in support of 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.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Transaction with Key Management Personnel (KMP)

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	Group		Company	
	2022	2021	2022	2021
Short term employee benefits	1,750,185	1,272,824	34,283	25,233
Post employment benefits	3,463	4,949	-	-
Termination benefits	-	3,500	-	-
Non-cash benefits	5,797	6,141	-	-
	1,759,445	1,287,414	34,283	25,233

### (b) Non Recurrent Transaction

During the financial year 2021/22, Company's subsidiary company, Ceylon Guardian Investment Trust PLC (CGITPLC) repurchased part of its shares as per section 64 of the Companies Act No.7 of 2007. Company accepted the said re-purchase offer and as a result receivable of Rs. 69.7 mn from CGITPLC as share re-purchase proceeds. The resulting gains made from above repurchase was Rs. 65.1 mn.

There were no non-recurrent related party transaction during the period other than above.

### 48 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	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Malaysian Ringgit	71.11	47.92	49.14	45.13
US Dollar	293.87	199.83	205.10	188.62
Indonesian Rupiah (Rp)	0.0205	0.0137	0.0143	0.0130
Indian Rupee (INR)	3.94	2.61	2.75	2.54

### 49 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.

(Amounts expressed in Sri Lankan Rs. '000)

## 50 **IMPACT DUE TO ECONOMIC CONDITIONS- INTEREST RATE, INFLATION, FOREX RESTRICTIONS, EXCHANGE PARITY INCREASE, IMPACT DUE TO POWER CUTS AND FUEL SHORTAGES AND STRATEGIES IMPLEMENTED BY THE GROUP**

In determining the basis of preparing the financial statements for the year ended 31st March 2022, based on available information, the management has assessed the prevailing uncertain and Volatile macro –economic environment and any residual implications of COVID -19 pandemic conditions in Sri Lanka and its impact on the Group companies and the appropriateness of the use of the going concern basis in the foreseeable future.

The Colombo Consumer Price Index (CCPI) and National Consumer Price Index (NCPI), which had been at 18.7% and 21.5% respective in March 2022 continued its steep upward trend to be at 39.1% and 45.3% in May 2022. The latest publication by Central Bank of Sri Lanka placed the CCPI at 54.6% in June 2022.

The exchange parity between Sri Lankan Rupee and other major currencies, pre-dominantly the US Dollar, also escalated from around LKR 290 to a USD in March 22 closing to reach some stability at around LKR 360 (middle spot rate) to a US Dollar by end June 2022. This journey of LKR depreciation which started from LKR 200 to a USD in October 2021 to current position, showcases the tightness of the availability of foreign exchange in the country. This initially affected the importing of raw materials for industries and has now culminated in virtually suspending the import of essentials like fuel, staple food items and pharmaceuticals. The fuel shortages increased the burden on industries through carriage inward and outward bottlenecks and also depriving factory working time due to lack of fuel for generators during government-imposed power cuts which ran to 10-12 hours per day at times.

Having seen these adversities well ahead, Group has taken pre-emptive measures wherever possible to minimize the impact on the Group businesses. Having its oil palm related business lines domiciled outside Sri Lanka provides some degree of cushioning for those businesses from the macro-economic negatives of Sri Lanka yet they are still exposed to the vagaries of international economic downturn.

The export component of the beverage segment insulates the dearth of forex for raw material imports to some extent, yet it is still an uphill task for the sector. Long standing relationship with the banking community and committed suppliers have assisted the group to continue its local operations without undue interruptions. Office related staff continued the Working From Home (WFH) practices which were well honed during COVID-19 period seamlessly thus unaffected much by the power-cuts and transport difficulties/costs.

Accordingly, the Group's Sri Lankan operations are expected to encounter numerous challenges in the form of subdued consumer demand and greater credit risk due to the potential loss of income of the customer base. Towards mitigating this risk, the Group procured adequate inventory to see through to next few months where applicable, adopted strict cost conservation methods, fast tracked local sourcing and secured funding lines to manage possible liquidity issues. Further, the management is constantly monitoring and working closely with relevant financial institutions to overcome both LKR/FOREX liquidity challenges and take timely price revisions where relevant to mitigate the exposure of future rupee devaluation.

Since the group consists of overseas operations, where the functional currencies are other than LKR, the effect of consolidation translation of such assets and liabilities into group accounts can be substantive based on the exchange fluctuation. However such translation effect would impact the other Comprehensive Income. The approximate effect based on the parity rate as at signing date would be Rs. 15 Bn.

Based on these proactive analyses and actions plans and our operating model which consists of diversified businesses both region wise and industry wise, Group does not envisage a serious impact on the Group business continuity and expects to manage the above challenges effectively.

Furthermore, based on the information that are available as at present, 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 the going concern basis.

# 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 2022

Company	Location	Extent** (Hectares)	Land & Building		Date of last Valuation
			Market Value Rs. '000	Book Value* Rs. '000	
Equity One Limited	Colombo 7	0.238	1,726,672	1,726,672	31-Mar-22
Equity One Limited	Colombo 2	0.455	1,055,807	1,055,807	31-Mar-22
Equity Two PLC	Colombo 1	0.072	583,587	583,587	31-Mar-22
Equity Two PLC	Colombo 1	0.146	986,831	986,831	31-Mar-22
Equity Three (Private) Limited	Colombo 13	0.208	648,000	648,000	31-Mar-22
		1.119	5,000,897	5,000,897	
PT Agro Indomas	Indonesia	26,516	18,220,595	12,156,445	30-Sep-20
PT Agro Bukit	Indonesia	13,966	12,326,770	5,818,663	30-Sep-20
PT Karya Makmur Sejahtera	Indonesia	10,872	7,183,175	3,225,775	30-Sep-20
PT Agro Wana Lastari	Indonesia	15,272	10,029,325	8,048,992	30-Sep-20
PT Agro Jaya Baktitama	Indonesia	7,029	4,689,079	2,655,060	30-Sep-20
PT Rim Capital	Indonesia	3,933	2,126,886	931,259	30-Sep-20
PT Nabire Baru	Indonesia	11,610	8,932,673	8,947,513	30-Sep-20
PT Batu Mas Sejahtera	Indonesia	2,478	1,723,673	2,740,624	30-Sep-20
PT Sawit Makmur Sejahtera	Indonesia	7,721	4,532,201	1,966,613	30-Sep-20
PT Sumber Hasil Prima	Indonesia	5,038	3,616,348	2,903,723	30-Sep-20
PT Sinar Sawit Andalan	Indonesia	3,281	1,946,784	818,834	30-Sep-20
PT Sariwana Adi Perkasa	Indonesia	5,097	3,584,706	1,079,519	30-Sep-20
		112,813	78,912,215	51,293,020	
Premium Vegetable Oil Sdn. Bhd.	Malaysia	4.63	3,423,673	2,231,158	31-Dec-19
Arani Agro Oil Industries Private Limited	India	0.93	340,217	189,331	31-Jan-21
		5.56	3,763,890	2,420,489	
Ceylon Beverage Holdings PLC	Nuwara-Eliya/ Trincomalee	1.60	647,100	647,100	31-Mar-22
Lion Brewery (Ceylon) PLC	Biyagama/ Kaduwela/Tangalle/ Kurunagala/Nuwara Eliya	16.08	6,689,860	6,689,860	31-Mar-22
Millers Brewery Ltd	Padukka	9.25	1,692,802	1,692,802	31-Mar-22
		26.93	9,029,762	9,029,762	
Pegasus Hotels of Ceylon PLC	Wattala	5.87	2,274,502	2,274,502	31-Mar-22
Equity Hotels Ltd.	Giritale	6.03	314,094	314,094	31-Mar-22
		11.90	2,588,596	2,588,596	
<b>Total value</b>		<b>112,859</b>	<b>99,295,360</b>	<b>70,332,764</b>	

\* Indonesian Plantation Companies - Book Value reflects Carrying Value as at 31 March 2022 where as independent Market value reflects the value as at the date of last valuation as indicated above. The above values are converted to LKR at the closing exchange rate as at 31 March 2022. Land and Building also include value of Land Rights.

\*\* Indonesian plantation Companies - Land Hectareage extent reflects the most updated status as at 31 March 2022 based on the land certifications provided by Indonesian authorities.

# Income Statement - USD

For the year ended 31st March	Group	
	2022	2021
<b>Continuing operations</b>		
Revenue	825,623,745	608,853,606
Direct operating expenses	(608,522,673)	(445,440,350)
Gross profit	217,101,072	163,413,256
Other income	8,533,983	9,647,210
Change in fair value of investment properties	2,819,152	325,087
Change in fair value of biological assets	13,005,996	2,690,001
Change in fair value of fair value through profit or loss financial assets	(8,657,674)	9,989,402
Distribution expenses	(37,598,839)	(35,143,539)
Administrative expenses	(53,828,295)	(46,149,587)
Other operating expenses	(4,945,992)	(3,023,494)
Impairment of business assets	(4,758,251)	(3,230,527)
Foreign exchange gain	4,587,196	9,884,188
Profit before finance cost	136,258,348	108,401,997
Net finance cost	(31,706,782)	(32,496,227)
Share of net results of equity accounted investee	(169,924)	(99,123)
Profit before tax	104,381,642	75,806,647
Income tax expenses		
Current taxation	(30,131,084)	(21,374,095)
Deferred taxation	(6,319,068)	(2,386,231)
	(36,450,152)	(23,760,326)
<b>Profit from continuing operations</b>	<b>67,931,490</b>	<b>52,046,321</b>
<b>Discontinued operations</b>		
Loss from discontinued operations, (net of tax)	(342,378)	(571,025)
Gain on disposal of subsidiary	1,570,639	81,524
Net impact from discontinued operations, (net of tax)	1,228,260	(489,501)
<b>Profit for the year</b>	<b>69,159,751</b>	<b>51,556,820</b>
Exchange rate	205.10	188.62

# Statement of Financial Position - USD

As at 31st March	Group	
	2022	2021
<b>ASSETS</b>		
<b>Non - Current Assets</b>		
Property, plant & equipment	303,222,057	333,866,196
Bearer Plants	164,395,638	169,416,004
Investment properties	17,233,504	22,416,384
Intangible assets	42,523,453	50,847,927
Investments in equity accounted investee	3,010,261	3,296,780
Investment in equity and debt securities	32,879,869	44,075,872
Deferred tax assets	15,947,198	17,495,821
Other financial receivables	84,252	123,900
Other non financial receivables	48,034,868	47,247,331
<b>Total non - current assets</b>	<b>627,331,100</b>	<b>688,786,215</b>
<b>Current Assets</b>		
Inventories	71,920,489	51,369,229
Trade receivables	30,705,696	24,022,264
Other financial receivables	9,829,448	10,844,823
Other non financial receivables	35,967,993	44,776,725
Current tax recoverable	46,912	196,088
Investment in equity and debt securities	28,179,787	48,926,202
Investment in Unit trusts	1,660,717	991,608
Derivative financial instruments	1,683,000	954,001
Biological assets	25,060,833	11,870,130
Cash and cash equivalents	120,701,460	95,910,133
	325,756,335	289,861,203
Assets held for sale	3,748,603	7,561,918
<b>Total current assets</b>	<b>329,504,938</b>	<b>297,423,121</b>
<b>Total assets</b>	<b>956,836,038</b>	<b>986,209,336</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Stated capital	10,103,695	10,103,695
Revenue reserves	183,955,507	186,054,755
Equity attributable to owners of the Company	194,059,202	196,158,450
Non-controlling interest	200,887,680	199,580,546
<b>Total equity</b>	<b>394,946,882</b>	<b>395,738,996</b>
<b>LIABILITIES</b>		
<b>Non - Current Liabilities</b>		
Loans and borrowings	246,452,561	271,826,142
Lease liabilities	1,642,999	2,517,605
Other financial payables	295,022	4,550,548
Other non financial liabilities	6,446,749	8,254,151
Derivative financial instrument	6,851,303	5,525,002
Deferred tax liabilities	48,545,470	51,313,914
<b>Total non - current liabilities</b>	<b>310,234,104</b>	<b>343,987,363</b>
<b>Current Liabilities</b>		
Trade payables	27,600,192	18,606,130
Other financial payables	59,476,064	63,387,470
Other non financial payables	21,346,000	10,542,000
Current tax liabilities	11,995,324	12,827,563
Derivative financial instruments	-	1,578,003
Loans and borrowings	129,365,512	137,223,625
Lease liabilities	1,871,960	2,318,186
<b>Total current liabilities</b>	<b>251,655,052</b>	<b>246,482,977</b>
<b>Total liabilities</b>	<b>561,889,156</b>	<b>590,470,339</b>
<b>Total equity and liabilities</b>	<b>956,836,038</b>	<b>986,209,336</b>
Exchange rate	293.87	199.83

# 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

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### QUICK ASSET RATIO

Total current assets less inventories divided by total current liabilities.

## R

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### 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

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### 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

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### 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

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### 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

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### 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 Ninth Annual General Meeting of **Carson Cumberbatch PLC** will be held on **Monday, the 15th day of August 2022** at 9.00 a.m. by means of audio or audio and visual technology [Virtual Meeting] 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 2022 together with the Report of the Auditors thereon.
2. To re-elect Mr. Suresh Kumar Shah who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.
3. To re-elect Mr. Rajendra Theagarajah who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.
4. 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 75 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."

5. 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 75 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. 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 73 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. Don Chandima Rajakaruna Gunawardena 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. Don Chandima Rajakaruna Gunawardena who is 71 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 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

20th July 2022

## Notice of Meeting

### Notes:

1. THIS NOTICE SHOULD BE READ IN CONJUNCTION with the attached document titled "Procedure to be followed at the 109th Annual General Meeting of the Company scheduled for 15th August 2022" which is enclosed with the Annual Report.
2. As permitted by Article 43(b) of the Articles of Association of the Company, the Board of Directors decided on 20th July 2022 to convene the Annual General Meeting [AGM] of the Company through an "audio-visual" technology in view of protecting public health and safety.
3. Shareholders who wish to participate at the AGM through the online platform are kindly requested to complete and forward the "Registration Form (Annexure 1)" as more fully explained in the said "Procedure to be followed at the Annual General Meeting of the Company scheduled for 15th August 2022".
4. The Annual Report 2021/22 and the Notice convening the AGM together with the procedure to be followed at the AGM will 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\\_2021\\_2022/carson-annual-report-2021-22.pdf](http://www.carsoncumberbatch.com/investor_information/annual_reports_2021_2022/carson-annual-report-2021-22.pdf)
5. 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.
6. 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 13th August 2022,
  - via email to [CARSAGM2022@carcumb.com](mailto:CARSAGM2022@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.
7. 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.
8. 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 109th Annual General Meeting of the Company to be held on Monday, the 15th day of August 2022 at 9.00 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. S. K. Shah 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. R. Theagarajah 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"/>
3. 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"/>
4. 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"/>
5. 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"/>
6. To re-appoint Mr. D. C. R. Gunawardena who is over Seventy years of age as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
7. 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 Two.

.....  
Signature /s

#### Note:

- \*Please delete the inappropriate words.
- 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.
- A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- 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 13th August 2022;
  - via email to CARSAGM2022@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. R. Theagarajah

Mr. W. M. R. S. Dias

Mr. A. S. Amaratunga

Ms. Sharada Selvanathan

Mr. M. M. Murugappan

Mr. Yew Huat Ong

## **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*

Mr. D. C.R. Gunawardena

*Non-Executive Director*

Mr. Y. H. Ong

*Non-Executive/Independent Director*

## **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*

Mr. R. Theagarajah

*Non-Executive/Independent Director*

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*

## **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

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Mawatha, Colombo 3

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## **REGISTERED OFFICE**

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## **PARENT COMPANY**

Bukit Darah PLC

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