Melstacorp
RESPONSIBLE DIVERSITY

Fortitude

Annual Report 2021 | **2022**

Fortitude

It is in times of adversity that fortitude emerges. At Melstacorp, adversity is a challenge we accept. We strive to ensure that all our group companies and our employees continue to prosper and are able to face adversity with strength and courage.

Contents

Highlights of the year

September 2021

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

September 2021

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

January 2022

Fitch Ratings has upgraded Continental Insurance Lanka Limited's National Insurer Financial Strength (IFS) rating to "A+" (lka) from "A" (lka) with stable outlook.

December 2021

DCSL awarded ranked No.18 in the Business Today's top corporate recognition awards.

December 2021

Melstacorp retained the ranked No. 10 in the Business Today's top corporate recognition awards.

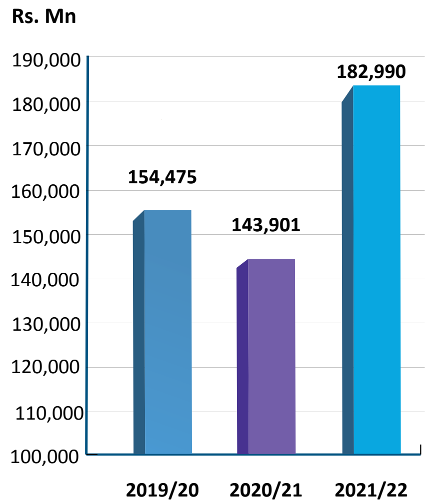
Financial Highlights

	Note	2022 Group	2021 Group	2022 Company	2021 Company
SUMMARY OF RESULTS					
Gross Turnover	Rs. Mn	182,990	143,901	264	257
Excise Duty	Rs. Mn	76,919	66,219	-	-
Net Turnover	Rs. Mn	106,071	77,682	264	257
Profit After Tax	Rs. Mn	17,635	2,494	7,141	6,131
Shareholders' Funds	Rs. Mn	87,313	83,652	91,699	96,047
Working Capital	Rs. Mn	5,705	207	(2,600)	1,719
Total Assets	Rs. Mn	311,947	259,664	107,685	106,951
Staff Cost	Rs. Mn	18,055	14,915	93	98
No. of Employees		22,765	21,978	36	42
PER SHARE					
Basic Earnings	Rs.	9.41	4.23	6.13	5.26
Net Assets	Rs.	74.92	71.78	78.69	82.42
Dividends	Rs.	5.40	5.25	5.40	5.25
Market Price - High	Rs.	68.00	78.00	68.00	78.00
- Low	Rs.	39.50	16.00	39.50	16.00
- Year End	Rs.	41.00	44.00	41.00	44.00
RATIOS					
Price Earnings	times	4	10	7	8
Return on Shareholders' Funds	%	20.2	3.0	7.8	6.4
Current Ratio	times	1.1	1.0	0.8	1.2
Interest Cover	times	3.9	2.6	13.5	10.9
Debt to Equity	%	76	72	12	10
Debt to Total Assets	%	33.2	34.1	10.0	8.8
Dividend Payout	%	57.4	124.1	88.1	99.8
Dividend Yield	%	13.2	11.9	13.2	11.9

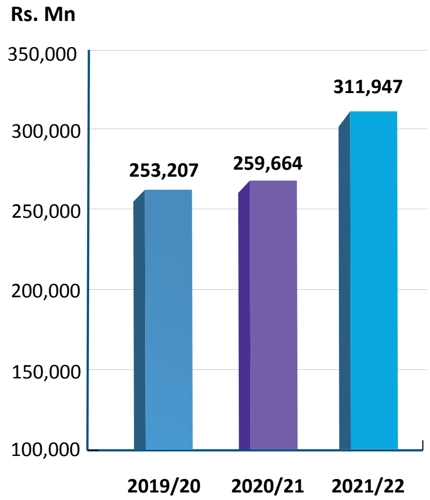
Million
182,990
Gross Turnover - Group

Million
311,947
Total Assets - Group

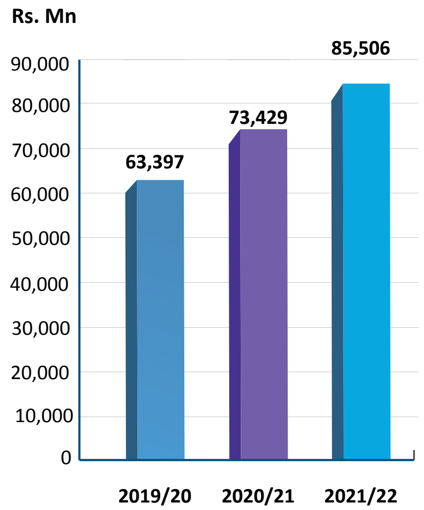
Gross Turnover - Group (Rs. Mn)



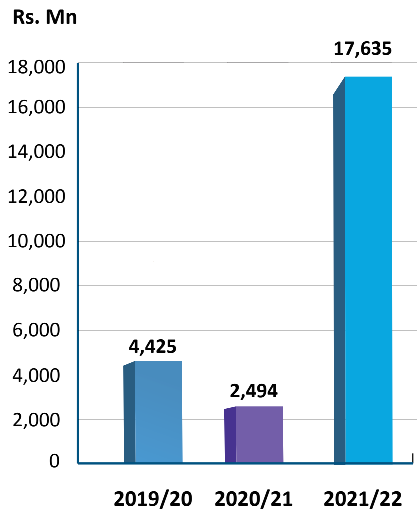
Total Assets - Group (Rs. Mn)



Taxes Paid - Group (Rs. Mn)



Profit after Tax - Group (Rs. Mn)



Million
85,506
Taxes Paid - Group

Million
17,635
Profit After Tax - Group

Our Businesses

Beverages

Distillation, Manufacture and Distribution of Liquor Products

Plantations

Cultivation and Processing of Tea & Rubber

Insurance

Property, Motor, Marine & General Accident

Telecommunication

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

Aitken Spence

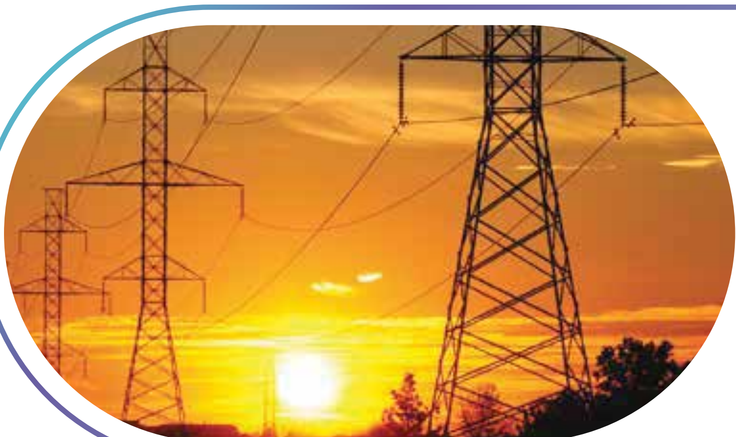
Diversified

Tourism, Maritime and Logistics, Strategic Investments and Services

FormulaWorld

Servicing

Automobile Servicing



BOGO POWER

Power Generation

Hydropower Generation

BELLVANTAGE
aspirations delivered

BPO Solutions & Business Solutions

BPO, KPO, Call Centre and Software Solutions

Our Businesses

Browns
Beach Hotels PLC

Leisure

Hotels & Hospitality

Melsta technologies

ORACLE Microsoft Check Point McAfee TITUS COMMVAULT KASPERSKY

Information Technology

Enterprise ICT solutions for
Digital Transformation

MELSTA GAMA
Cement Packing Plant

Texpro
Dyeing and Printing Fabric

SPLENDOR
Imagine · Do

Media

Media Buying and Creative
Services

Melsta Hospitals Ragama

Multi-specialty General Hospital

JOSEPH FRASER MEMORIAL HOSPITAL
By Melsta Health

Exclusive Hospital for Women and Children

Melsta Labs

Laboratory Services

Melsta Pharmacy

Pharmaceuticals

Chairman's Statement

Dear Shareholder,

I am happy to share with you the results of Melstacorp PLC for the year ended 31st March 2022. The previous year you may recall, was impacted heavily by the pandemic which in turn dampened financial results of many major corporates. Nevertheless, with the gradual easing of the pandemic, normalcy in commercial activity was restored to some extent which enabled a much-improved performance to be recorded for the year under review. However, a much more potent and virulent crisis unfolded towards the end of the financial year in the form of a crumbling economy resulting in unprecedented protest and disruption to social and commercial activity. Ignited by the paucity of Dollars, most essential commodities such as gas, electricity, and fuel were in short supply. Exacerbating this situation was a food crisis that emerged due to short-sighted agricultural policies being adopted resulting in agricultural production being affected and the price of essential items skyrocketing. Printing of money, frequently in large volumes, to meet vast fiscal deficits due to economic mismanagement and ill-conceived tax reduction measures led gradually to high inflation. In a bid to arrest this worsening economic situation the Government was compelled to implement austere measures which included a steady increase in interest rates, accelerated depreciation of the rupee, and rationing of energy in terms of stringent fuel quotas and restricting power supply.

Group Performance

In this backdrop, I am happy to report that the Melstacorp group overcame most challenges and was able to record a healthy increase in Group net profit amounting to Rs. 17.6 billion in comparison to Rs. 2.5 billion recorded for the previous year. The substantial increase in profit was mainly due to a stellar performance by our diversified sector subsidiary Aitken Spence PLC which recorded an all-time high net profit of Rs 12.2 billion and DCSL which recorded an impressive Rs. 8 billion in net profit. A notable contribution was also made by our financial sector subsidiary Continental Insurance which surpassed the Rs. 1 billion thresholds in profit before taxation.

Rs.85Bn
Taxes Paid

Rs.312 Billion
Total Assets

Rs.183Bn
Turnover

Our Contribution to the national exchequer needs to be mentioned specifically at a time when every effort is being made to increase fiscal Revenue. The Group contributed a staggering Rs. 85 billion as taxes during the year-an increase of 16% in comparison to previous year's contribution of Rs. 73 Billion. In a turbulent year where many large corporates were compelled to compromise on their National Long-Term Rating, we are delighted to report the retention of our "AAA" (lka) Fitch Rating which reflects the resilience, strength, and ability of the group to withstand adverse business climates.

Importantly, the Group safeguarded the livelihoods of employees despite another extremely challenging year and did not curtail their salaries and benefits, but provided competitive salaries, benefits, rewards, and recognition for their contribution.

Beverage Sector

The beverage sector has always been the flagship of our Group contributing significantly to Group profits on a sustainable basis. Similar to previous years, our beverage sector subsidiaries DCSL and Periceyl made noteworthy contributions notwithstanding frequent disruptions to the retail outlets selling alcohol. Restriction in importing ethanol, a main ingredient in the manufacturing process, was substituted by use of locally produced ethanol which contributed to maintaining the cost of production at an acceptable level. The beverage sector revenue increased to Rs. 112 billion compared to Rs. 97 billion the previous year. The sector profit before tax also increased to Rs. 13.9 billion compared to Rs. 12.7 billion recorded the previous year.

Plantation Sector

The plantation sector faced many issues such as climate change with its accompanying insecurity, arbitrary wage increases due to government intervention, fertiliser supply sector restrictions together with the withdrawal of subsidies, ban on chemical fertilisers and weedicides. Notwithstanding these challenges, both our plantation subsidiaries managed to marginally increase production and recorded an enhanced revenue of Rs 7.1 billion compared to Rs. 6.4 billion the previous year. We intend to explore options to reduce significant finance costs incurred by plantation companies due to current level of gearing and the high-interest regime in the coming year.

Chairman's Statement

Telecommunication Sector

The telecommunication sector continues to have an adverse impact on the overall performance of the Group with declining revenues and sizable losses being incurred. The revenue recorded for the year amounted to Rs. 1.9 billion compared to Rs. 2.3 billion for the previous year. Furthermore, losses from this sector increased from a negative of Rs 1.3 billion for the previous year to a negative Rs. 1.7 billion for the year under review. The company faces many challenges with an increase in overheads and the continuous need to incur capital expenditure coupled with an increase in taxes and declining revenue. Every effort is being made to divest this investment but present economic conditions in the country and globally are deterrents in finding a suitable investor.

Financial Sector

Group's general insurance arm Continental Insurance recorded a profit before tax of Rs. 1 billion during the year. It is noteworthy to mention the remarkable performance of this sector was achieved despite rising overheads due to inflationary pressures and having to face various disruptions during the year. It is also pertinent to mention that the company succeeded in enhancing its Sri Lanka Fitch Rating from "A" (lka) to "A+" (lka). This bears testimony to Continental's financial stability and sustained improvement in its regulatory capital along with consistently good underwriting performance.

Diversified Sector

Our main subsidiary in this sector Aitken Spence had a tremendously successful year posting a record profit after tax of Rs.12.2 billion. Being a diversified conglomerate, all sectors and key segments of the diversified portfolio contributed positively to the bottom line. The maritime & freight logistics sector recorded its highest pre-tax earnings of Rs. 4.9 billion supported by growing presence across the entire value chain. The tourism sector also recovered from the lockdowns and uncertainties of the first three quarters to deliver a strong fourth quarter which enabled this geographically diverse sector to record Rs. 2.5 billion pre-tax earnings. It is noteworthy that the Aitken Spence Group, having sizable foreign assets and receivables, recorded substantial gains from foreign exchange with the rapid depreciation of the Sri Lankan Rupee.

Melstacorp Group rapidly expanded our reach and footprint in the healthcare sector by providing healthcare services. Melsta Hospital Ragama delivered a turnaround in its performance to record a profit by overcoming various challenges. During the year Melsta Hospitals invested in state-of-art, urological, and surgical equipment and currently performs the total range of urological and surgical procedures including live kidney transplants. Furthermore, investments were made in a Gastro-intestinal (GI) Centre with modern equipment and infrastructure on par with the industry. Melsta Laboratories also made significant progress during the year by achieving a profit during its second year of operation. Melsta Laboratories has emerged as a key player in this domain withstanding the competition from well-established players and now provides island-wide laboratory testing services including PCR testing. Melsta Pharmacy, the latest addition to the health sector, opened its doors to the public recently and is the most modern and customer-centric facility of its kind. The flagship pharmacy conveniently located on Galle road, Colombo offers numerous unique features, which include home delivery of medicines, senior citizen discounts, and special patient counselling by qualified and experienced staff.

22,765
Employees

Compliance

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

Appreciation

I wish to state that Mr. Amitha Gooneratne, the Managing Director of Melstacorp since 2012 has decided to retire after the upcoming annual general meeting. Together with the Board of Directors, I would like to thank Mr. Gooneratne for his leadership and valuable contributions to Melstacorp Group during his tenure and we wish him all the best in the years ahead.

I extend my appreciation to the Board of Directors for their unstinted support. I also take this opportunity to acknowledge the significant contribution of our CEOs, management, and all the employees of Melstacorp and Group companies for their commitment and hard work during these challenging times. I would also like to thank our valued shareholders and other stakeholders for their continued trust and confidence in the Group. Finally, I would like to thank our loyal customers for their continuous patronage of our products and services.

D. H. S. Jayawardena
Chairman

31 August 2022

Board of Directors

Mr. D. H. S. Jayawardena
Chairman

Mr. A. L. Gooneratne
Managing Director

Mr. C. R. Jansz
Executive Director

Mr. N. de S. Deva Aditya
Independent
Non-Executive Director

Capt. K. J. Kahanda (Retd.)
Non-Executive Director

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

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

Mr. R. Seevaratnam
Independent
Non-Executive Director

Ms. V. J. Senaratne
Alternate Director to
Mr. N. de S. Deva Aditya

Board of Directors

Mr. D. H. S. Jayawardena

Chairman

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

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

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

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

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

Mr. A. L. Gooneratne

FCA (SL), FCA (Eng. & Wales)

Managing Director

Mr. Amitha Gooneratne has held several senior positions at Commercial Bank of Ceylon PLC and served as the Managing Director from 1996 to April 2012. He is a Fellow member of the Institute of Chartered Accountants, Sri Lanka. He was the Founder Chairman of the Sri Lanka Banks' Association (Guarantee) Ltd. He was also the Managing Director of Commercial Development Company PLC, a Public Quoted Company listed in the CSE and was the Chairman of Commercial Insurance Brokers (Private) Limited. He was also nominated to the Board of Sri Lankan Airlines during 2002– 2004 by the Government of Sri Lanka.

On his retirement, Mr. Gooneratne assumed duties as Managing Director of Melstacorp PLC, He is the Chairman of Melsta Logistics (Private) Limited and Bellvantage (Private) Limited and is a Board Member of several subsidiary companies within the Melstacorp Group some of which are Public Listed Companies (PLC) and an Alternate Director on the Board of Distilleries Company of Sri Lanka PLC.

He is an independent Director of Lanka IOC, Teejay Lanka PLC, Textured Jersey Prints Limited and Commercial Development Company Limited.

Mr. C. R. Jansz

Executive Director

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

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

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

Mr. Jansz specialises in the movement and finance of international trade and has many years practical experience in these fields.

Dr. Naomal Balasuriya

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

Independent Non-Executive Director

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

Mr. D. Hasitha S. Jayawardena

BBA (Hons) (UK)

Non-Independent Non-Executive Director

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

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

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

Mr. Ranjeevan Seevaratnam

FCA (SL), FCA (Eng. & Wales)

Independent Non-Executive Director

Mr. Ranjeevan Seevaratnam was appointed to the Board as an Independent Non-Executive Director from January 2016. He is a Graduate of University of London in Chemistry, Botany and Zoology. He is a Fellow Member of Chartered Accountants of England and Wales and Fellow Member of Chartered Accountants of Sri Lanka. Mr. Seevaratnam was a Senior Partner of KPMG, Chartered Accountants, for a period of 30 years, where he was mainly involved with audits of banks, financial services and manufacturing companies. He was a designated banking partner for Sri Lanka. He is also a Non-Executive Independent Director of Distilleries Company of Sri Lanka PLC and Director in a number of public quoted companies.

Mr. N. de S. Deva Aditya

DL, FRSA

Independent Non-Executive Director

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

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

Currently he is the Publisher of the global media platform the only Commonwealth wide media outlet reaching out to 2.4 billion people in the Commonwealth.
www.commonwealthunion.com

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

Capt. K. J. Kahanda (Retd.)

Non-Executive Director

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

Ms. V. J. Senaratne

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

Alternate Director to N. de S. Deva Aditya

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

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

Heads of Group Companies

Mr. Amitha Gooneratne
Managing Director - Melstacorp PLC
Chairman - Melsta Logistics (Pvt) Ltd,
Bellvantage (Pvt) Ltd.,
Melsta Towers (Pvt) Limited,
Director - Continental Insurance Lanka Ltd.,
Periceyl (Pvt) Ltd.,
Balangoda Plantations PLC, Lanka Bell Ltd.,
Texpro Industries Ltd., Bogo Power Ltd.,
Melsta Health Group

Capt. Jagath Kahanda (Retd.)
Managing Director - Pelwatte Sugar Distilleries (Pvt) Ltd.,
Director - Distilleries Company of Sri Lanka PLC, Melstacorp PLC,
Palwatte Sugar Industries PLC,
Melsta Properties (Pvt) Ltd,
Milford Holdings (Pvt) Ltd.,
Melsta GAMA (Pvt) Ltd.

Dr. M. P. Dissanayake
Deputy Chairman & Managing Director - Aitken Spence PLC

Ms. Stasshani Jayawardena
Chairperson - Splendor Media
Director- Aitken Spence PLC

Mr. Senaka Amarathunga
Director/ General Manager - Periceyl (Pvt) Ltd

Mr. Chaminda De Silva
Managing Director - Continental Insurance Lanka Ltd

Dr. Prasad Samarasinghe
Managing Director - Lanka Bell Ltd

Mr. Dinal Peiris
Managing Director - Texpro Industries Ltd

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

Mr. Ajantha Peiris
Head of Business Solutions -
Belvantage (Pvt) Ltd

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

Mr. Manilal Fernando
Director -
Melsta GAMA (Pvt) Ltd

Dr. K. T. Iraivan
Director/CEO
Hospital Management Melsta (Pvt) Ltd.
Melsta Hospitals Ragama (Pvt) Ltd.

Dr. Aruna Jayakody
Director
Melsta Laboratories (Pvt) Ltd
Melsta Pharmaceuticals (Pvt) Ltd
Melsta Hospitals Ragama (Pvt) Ltd.
Hospital Management Melsta (Pvt) Ltd.

Mr. Dimuthu Wekunagoda
CEO -
Balangoda Plantations PLC

Mr. Mohan Fernando
CEO -
Madulsima Plantations PLC

Management Discussion & Analysis

Melstacorp Group

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

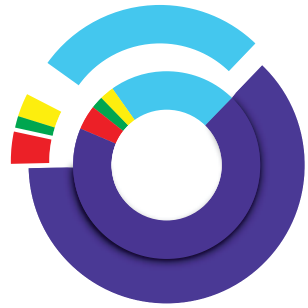
Group Overview

Having withstood the brunt of the effects of the pandemic Melstacorp Group ended the financial year with an outstanding achievement in profits. In achieving this performance noteworthy contributions were made by the two subsidiaries Aitken Spence PLC and DCSL PLC. The former had a commendable turnaround in operations having been significantly affected by the pandemic in the previous year. The Group recorded a historic profit after tax of Rs. 17.6 Bn. Some of the other Group companies too contributed to overall profitability and in this regard, it would be pertinent to mention that Continental Insurance crossed the 1 Bn rupee threshold in pre-tax profit which is a tremendous achievement in troubled times. It also needs to be mentioned that the two plantation subsidiaries Balangoda PLC and Madulsima PLC were able to overcome many challenges such as arbitrary wage increases by Government intervention, fertiliser supply restrictions, and a complete ban on agrochemical imports adversely affecting the management of plantations. The results would have been far worse if not for the good management that brought about a revival in performance.

A notable feature that had a growing and worrisome effect throughout the financial year was the gradual increase in borrowing cost and the depreciation of the Sri Lankan Rupee vis a vis other currencies notably the US Dollar. The borrowing cost gradually increased from a low base of 5.78% AWPLR to 9.71% by the end of the financial year. Similarly, the exchange rate for the US Dollar increased from Rs. 202 to Rs. 299 by the end of the financial year with a steep increase taking place in March 2022. Core Inflation too gradually increased from a level of 4.1% in April 2021 to a level of 17.3% by the end of the financial year. The cost base of most group companies increased as a result of these factors. The company in conformity with accounting standards made significant impairment charges in regard to loans extended to subsidiary companies and on the investments made in such companies.

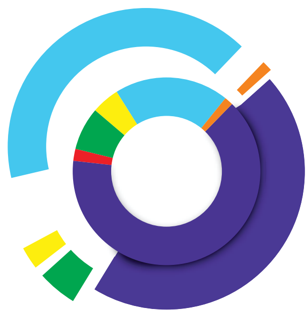
Our foray into the Health sector gathered momentum throughout the year. On the diagnostic and laboratory front much was achieved as we took giant strides in taking a sizable market share of the PCR testing business. Nevertheless, it needs to be mentioned that this business line is expected to taper and recede with the passage of time as the pandemic is expected to ease with time. During the year we consolidated our business and customer base at our initial external pharmacy venture and are hopeful

Gross Turnover - Group
Rs. Mn



	2020/21	2021/22
Beverage sector	97,288	**111,916**
Plantation sector	6,405	**7,102**
Telecommunication sector	2,288	**1,929**
Financial services sector	4,337	**4,355**
Diversified sector	33,583	**57,688**
	143,901	**182,990**

Profit Before Tax - Group
Rs. Mn



	2020/21	2021/22
Beverage sector	12,673	**13,922**
Plantation sector	479	**(46)**
Telecommunication sector	(1,339)	**(1,721)**
Financial services sector	1,086	**1,001**
Diversified sector	(3,930)	**13,265**
Share of Associate Companies Profit	421	**442**
	9,390	**26,863**

Beverage Sector

of it being a success. Much was done to introduce new health care services at Melsta Ragama Hospital and many challenges posed by the pandemic were overcome restoring the Hospital back to profitability.

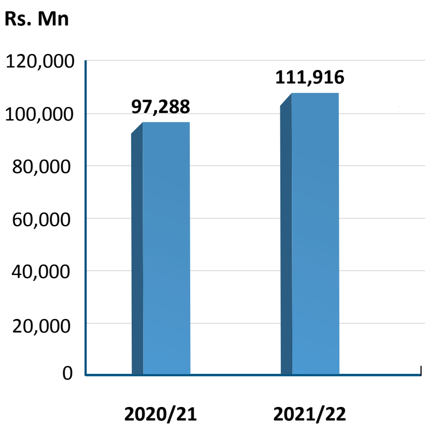
In conclusion, the company had a reasonable year by all accounts and was in a position to declare a dividend of Rs 5.40 per share based on the results for the year.

However, it has to be mentioned that we expect a much tougher year in the ensuing year due to gathering protests over the rising cost of living, scarcity in sourcing essentials, lack of foreign exchange to do business, and high inflation. Nonetheless, efforts would be made in divesting loss-making companies and overcoming challenges.

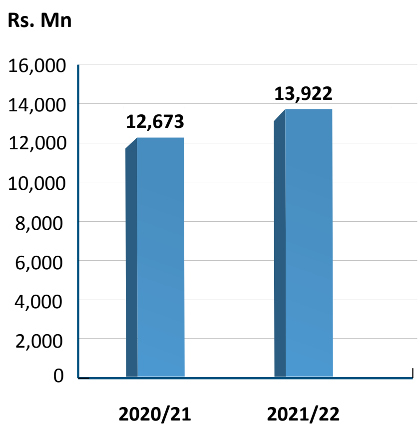
Beverage Sector

The beverage sector sustained its status as the leader and highest revenue generator for the Group in the year under review notwithstanding various disruptions faced due to frequent lockdowns and the ban on the sale of alcohol and having to contend with locally produced ethanol for production. During the year under review, prices of legally produced, tax-paid alcohol increased substantially due to increases in taxes, cost of ethanol, and cost of power & energy. The escalating cost of living leading to low disposable income has pushed the consumers toward non-premium beverage products and cheaper substitutes. It is observed that the sales of 180 ml bottles have increased while the sales of 750 ml bottles have fallen to record low levels. The current economic turbulence and COVID-19 pandemic are likely to result in a long recovery process which may have an impact on the performance of the beverage industry in the ensuing year. During the current financial year, the gross turnover of the beverage sector was Rs. 112 Bn and recorded a profit before tax of Rs.13.9 Bn. The beverage sector contributed Rs. 82 Bn to the State by way of taxes when compared with Rs. 71 Bn in the previous year.

Gross Turnover
Beverage Sector



Profit Before Tax
Beverage Sector



Management Discussion & Analysis

Plantation Sector

Tea

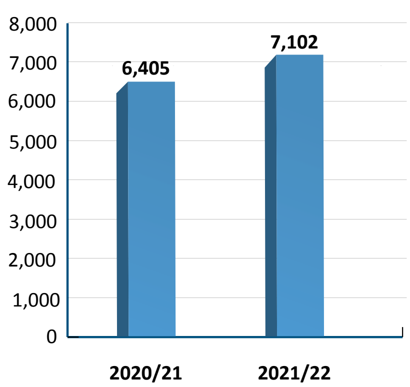
The year under review was a reasonable year for the Sri Lankan tea industry, although uncertainties related to supply chain issues and other factors remained due to the pandemic-driven operating environment. Ceylon tea continued to remain the leading global tea brand maintaining its premium position in the global market. With the aggressive drive of vaccination programs across the globe coupled with the gradual commencement of social gathering and movement across society, business and commerce witnessed a degree of recovery in the early stages of the year. However, the cascading impact of the COVID-19 pandemic on macroeconomic factors continued to fundamentally challenge the tea industry framework at home which had a bearing on the Sri Lankan tea industry with similar challenges across the global tea market operations as the pandemic impacted global economics. Iraq, Turkey, and Russia continued with strong demand for Sri Lankan tea and were the top 3 importers for the period January to December 2021.

Sri Lanka's tea production for the year 2021 recorded 299.34 Mn kg reflecting an increase of 7% over the previous year. There was a decline in the national sales average of tea compared to Rs. 615.44 per kilo in comparison to Rs.628.21 in the same period in 2020.

The overall tea production of the Balangoda Plantations increased during the year and was able to improve the yield per hectare to 1,028 which was the highest over the past 11 years. As a result, Balangoda Plantation achieved an increased revenue of Rs.4 Bn, an increase of 11% over the previous year. This was despite the many challenges faced with the intermittent pandemic-related lockdowns, restriction of fertiliser applications due to the ban on chemical fertiliser, and ban on weedicides. The cost of production in the tea sector saw an increase due to the impact of the wage increase which came into effect in the year 2021. Balangoda Plantations' NSA dropped as a result of a decrease in the national average for low-grown tea (leafy market). This had an impact on the Balangoda Plantations as the entire produce is a leafy/low-grown type of manufacture. Despite many challenges, Madulsima Plantations also recorded an increased revenue of Rs. 3.1 Bn for the year under review also achieved an increase in production volume while improving the yield per hectare by 11% when compared with the previous year. The tea sector was able to achieve these results due to

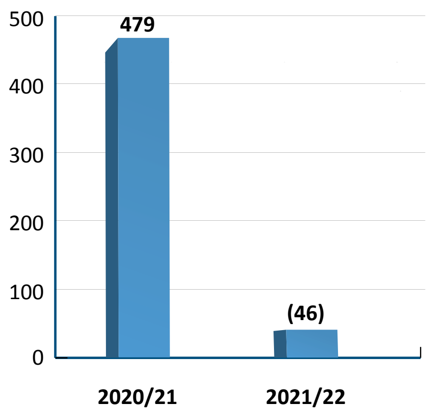
Gross Turnover
Plantation Sector

Rs. Mn



Profit/(Loss) Before Tax
Plantation Sector

Rs. Mn



Telecommunication Sector

favourable weather conditions, the continuation of good agricultural practices, and close management supervision to improve the field operation in estates. However, the sector margins will be constantly pressured due to the exorbitant price increases in input materials owing to import restrictions, the pandemic, and the depreciation of the Sri Lankan Rupee.

At the same time, the year 2021 was a year where rubber prices improved considerably. Rubber production declined by 1.7% in the year 2021 compared to the preceding year due to continuous rain in plantation areas during tapping days, along with the prevalence of leaf fall disease in rubber plantations. Despite all the challenges the rubber sector recorded an increased volume of 13% when compared with the previous year and achieved a profit after a span of 10 years.

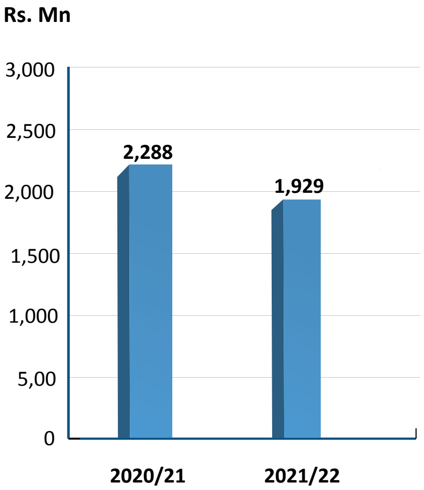
Rubber

Though the impact of the COVID-19 pandemic was negative for most industries, in the case of rubber there was a positive impact which is clearly depicted in the price increase of all grades when compared to the previous year. The Sri Lanka rubber production too showed an increase when compared to the previous year. The NSA of 2020 shows a 16% increase compared to the previous year due to the high demand for latex gloves and the demand for sheet rubber. The cost of production which in general increases year on year has been significantly reduced when compared to the previous season mainly due to the increase in production output and cost control measures adopted which resulted in an increased contribution from the rubber sector.

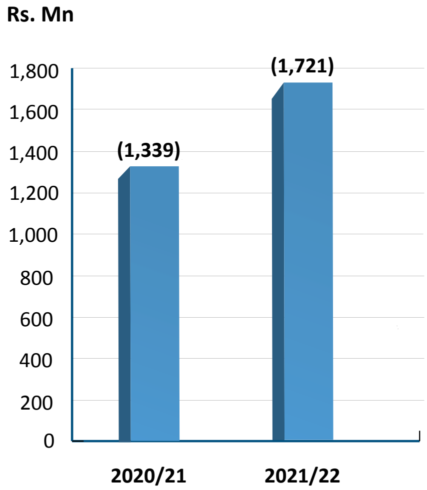
Telecommunication Sector

Another challenging time for the telecommunication sector with declining revenue from CDMA fixed-line business and 4G LTE technology services as a result of the trends in consumer behaviour and disruptions created due to the impact of the economic downturn and the COVID-19 pandemic. Currently, the telecommunication sector is faced with many challenges due to an increase in operational and capital costs with the devaluation of the Sri Lankan Rupee, high inflation, power, and energy supply disruptions, and reduction of disposable income of residential customers.

Gross Turnover
Telecommunication Sector



Profit/(Loss) Before Tax
Telecommunication Sector



Management Discussion & Analysis

Financial Services Sector

Financial Services Sector

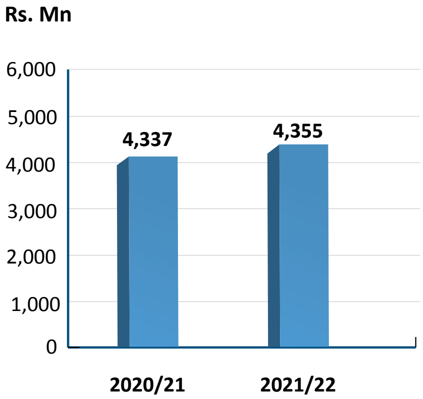
Insurance

Continental Insurance (CIL), the Group's general insurance arm closed the year with encouraging results reporting a pre-tax profit of Rs. 1 Bn and reported a gross written premium of Rs.5.3 Bn during the year, a 2.9% growth over the previous year. The outstanding results come amid the many challenges that the industry as well as the economy faced during the year with multiple waves of the COVID-19 pandemic prompting several rounds of travel restrictions, continuing vehicle import ban, and weakening of the currency, among many others. CIL's continued strict underwriting discipline and expense management helped contain claims and operating expenses amid rising inflation and normalising claims experience as travel restrictions eased compared to the previous year. However, rising costs were more than compensated by the high investment income driven by the exchange gains and expansion of invested assets.

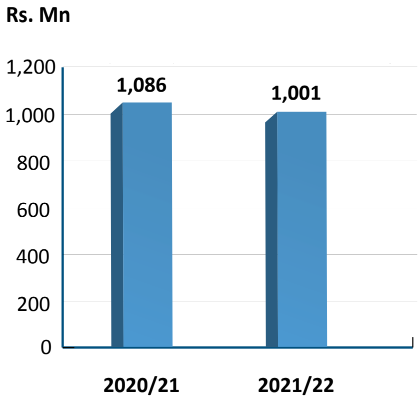
CIL's total assets surpassed Rs.8.4 Bn during the year 2021 marking an 8% growth over the previous year, while CIL's shareholder's equity increased 23.4% during the year to Rs.3.5 Bn. CIL's Risk Based Capital (RBC) ratio stood at 320% by the end of 2021, against a regulatory requirement of 120%. CIL's digitally enabled remote operating model continued to deliver its promise of seamless service in spite of operational constraints during the year 2021. CIL's IT strategy for a hybrid work model during the pandemic was recognised as one of the best approaches at the Economic Times of India tech forum. Furthermore, the Company strengthened its customer communication during the year, introducing a welcome call and a renewal call while strengthening SMS communication and other digital communication to stay connected to customers.

In January 2022, Fitch Ratings upgraded CIL's National Insurer Financial Strength rating to A+(lka) from A(lka) on account of its strong capitalization, consistently good underwriting performance, and its business profile. CIL's resilience and strength during the past two years were well rewarded, with multiple recognitions received in 2022. CIL won the title "Fastest growing non-life insurance company of Sri Lanka 2022" from the Global

Gross Turnover
Financial Services Sector



Profit/(Loss) Before Tax
Financial Services Sector



Diversified Sector

Banking and finance review and "Domestic General Insurer of the Year - Sri Lanka" from Insurance Asia Review in 2022. CIL moved 3 places up in the most valuable brands of 2022 ranked by Brand Finance after entering the prestigious list just a year ago.

Diversified Sector

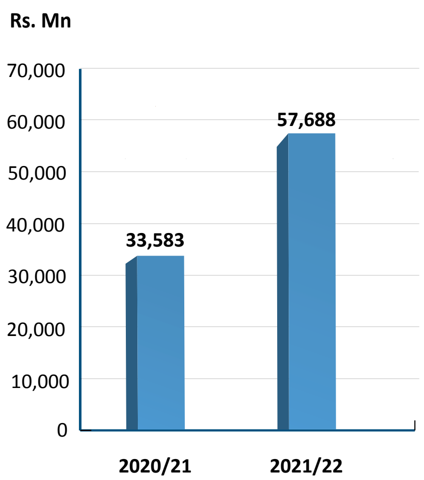
Aitken Spence

In the Diversified sector, our main subsidiary Aitken Spence PLC recorded consolidated post-tax earnings of Rs.12.2 Bn for the financial year as we steered a broad-based recovery from the pre-tax loss of the highest profit in the history of the Group. All sectors and key segments of the Group's diversified portfolio contributed positively to the bottom line. The maritime & freight logistics sector recorded its highest pre-tax earnings and the tourism sector also recovered from the lockdowns and uncertainties of the first three quarters to deliver a strong fourth quarter which enabled this geographically diverse sector to achieve profits.

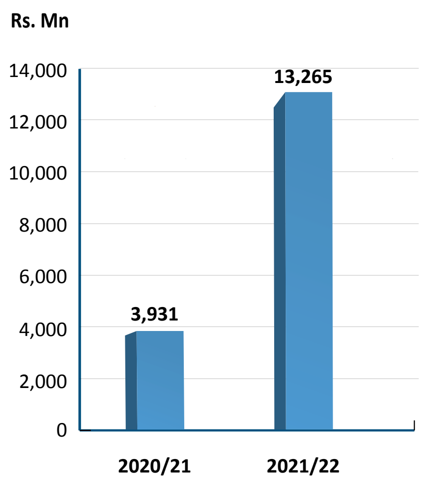
Textiles

The current year was indeed a challenging year for the textile business with the prevailing economic turmoil resulting in a sudden devaluation of the Sri Lankan Rupee, which adversely affected the company's performance mainly due to high foreign exchange losses. However, Texpro was able to sustain sales volume and gross margins and also secured new buyers to place orders. The current foreign exchange shortages and difficulties in importing fabrics have given an opportunity for Texpro to secure businesses and enjoy higher margins on local sales. However, the current economic crisis may pose a threat to Texpro's indirect exports segment as the business of manufacturing garments for export is disturbed due to the prevailing situation in the country.

Gross Turnover
Diversified Sector



Profit Before Tax
Diversified Sector



Management Discussion & Analysis

Power Generation

Bogo Power, a BOI-registered company, was set up in 2011 at the Kirkoswald Group estate, Bogawantalawa with approval from the Sustainable Energy Authority of Sri Lanka and the Public Utilities Commission of Sri Lanka. The Company has a power purchase agreement with the Ceylon Electricity Board for the sale of electricity generated for a period of 20 years. The power capacity of the project is 4 MW. During the year Bogo Power managed to achieve over the expected average by generating 20.2 GWH.

Business Process Outsourcing

The year under review was a remarkable one for Bellvantage owing to its many achievements. The drawbacks of social distancing brought forth by the COVID-19 pandemic were perceived as an opportunity to expand the BPO industry by promoting the concept of Work from Home (WFH) career opportunities in Sri Lanka. Bellvantage provided 24/7 uninterrupted service during the COVID-19 pandemic on a total remote working model. On the flip side, capitalising on the vivid new norms presented by the post-COVID-19 pandemic, Bellvantage was instrumental in developing and providing licences and software systems that facilitate remote real-time performance monitoring possibilities to its esteemed client base. As a local BPO service organisation, Bellvantage has been able to set a strong footprint in the BPO market space in over 10 industries managing over 4 million interactions on behalf of its clients. During the year under review, the company assumed several initiatives to help build on the Digital marketing platform. Moreover, offering BPO services through emerging non-voice channel operations is influencing a shift in the present customer approach channel.

Melsta Technologies

Melsta Technologies successfully completed the year under review by securing a number of new strategically important customers while retaining a majority of the customer base. Melsta Technologies made significant achievements to help customers be better digitally equipped with cutting-edge technology solutions with more and more organisations relying on digital platforms to provide reliable and high-quality services. The core competencies and skills at Melsta Technologies enabled customers to convert complex business problems into digitally equipped agile business processes, ensuring business continuity to ensure customers stay ahead of their competition by enabling them with the optimal technology solutions and services including data centre infrastructure, information security and governance, data science, data analytics and IT managed services. Melsta Technologies holds a number of partnerships with top tech brands such as Oracle, HPE, DELL, Commvault, Checkpoint, Kaspersky, Redhat, VMware, and SOTI and expanded its market coverage in many industry sectors in the country.

Leisure

Browns Beach Hotel was relaunched as Heritance Negombo in April 2016, with 139 rooms offering a luxurious experience whilst sustaining the unique attributes of a 'city hotel on the beach. The Sri Lanka tourism industry has been going through difficult times with the consecutive effects of the Easter Sunday terror attacks in April 2019, followed by the COVID-19 pandemic which affected the global tourism industry in 2020 and 2021 with unprecedented border closures. The hotel showcased remarkable strength and resilience amid these trying times and had to contain a net loss, yet it was able to record positive earnings before interest, tax, and depreciation (EBITDA) during the year. The country is currently in the midst of an economic crisis with all key macroeconomic variables weakening. Despite the somewhat uncertain outlook, we are cautiously optimistic that the country will move beyond the current economic and political instability through ongoing efforts to find solutions for its urgent issues, and restore macroeconomic stability in the period ahead.

Melsta Health

The Group entered the health sector with a vision of providing Sri Lankans with better access to world-class healthcare services, and currently owns and manages numerous best-in-class facilities that focus on delivering leading-edge healthcare which is accessible and integrated. Melsta Hospitals Ragama upgraded the clinical facilities on par with industry standards. It invested in state of art and modern urology equipment and commissioned the Urology and Kidney transplant surgery department which currently performs the total range of urology surgeries and live kidney transplant surgeries. Further investments were made into a Gastrointestinal (GI) Centre with modern equipment and infrastructure. The COVID-19 pandemic was a great challenge to the healthcare sector. Melsta Hospitals were able to manage an intermediate care centre successfully and treat COVID-19 patients with utmost care. Melsta Hospital also established an information centre to serve people

in Jaffna and the northern peninsula and appointed its representatives to assist needy patients to reach Melsta Hospitals.

Joseph Fraser Memorial Hospital by Melsta Health has expanded its business and the introduction of room delivery allows mums-to-be to have a relaxed atmosphere in the company of the entire family in contrast to the conventional labour room. The mothers could also choose water birth, known as a pool delivery which gives the option of mobility instead of a fixed room. This luxury delivery modality is offered to our community at a very affordable and competitive rate. These suites are special on their own, equipped with a range of facilities, and come with a dedicated balcony facing the lush greenery which is soothing to the eyes and calms the mind. The delivery is done under strict, aseptic medical standards with the expert guidance of a British midwife who is also a consultant at the hospital. The staff and nurses are highly trained and competent in providing the utmost care during the entire procedure.

Melsta Laboratories is Sri Lanka's largest stand-alone chain of laboratories founded in 2019 and is one of the fastest-growing laboratory chains with a reach covering almost 60% of the country. During the second year in operation, Melsta Labs was able to achieve results beyond expectation in its volume of business and profitability. Melsta Labs currently provides services to over 100 regional private hospitals and is working with over 1,000 Collection Centres while operating six (6) state-of-the-art laboratories, three (3) of which work 24/7 to maintain a high level of service standards. Melsta Lab's newly formed Molecular Biology Department was able to consolidate a strong position in the market within a short period from the commencement of operations, where Melsta Labs was considered by most in the medical fraternity as having accurate and reliable test reports. Currently, Melsta Labs works with corporates, airlines, and embassies to provide best-in-class healthcare services to suit specific requirements and expectations. Being Sri Lanka's first Ministry of Health audited, assessed, and approved COVID-19 PCR laboratory, Melsta Labs has been at the forefront against COVID-19 and is the first medical laboratory to partner with IATA Travel pass for ensuring the safety of International travellers during the COVID-19 pandemic.

Melsta Labs is currently working for ISO 15189 accreditation which is considered the highest possible accreditation for medical laboratories and is set to finalise the accreditation process soon. The new member of the healthcare sector Melsta Pharmacy was able to perform to the expectation within the first year of operations and has established its brand in the market. With its modern facilities, Melsta Pharmacy has strived to differentiate its service offering by promoting a shopping experience to our customers for over-the-counter (OTC) drugs and items where patients are allowed to choose medicines by themselves for non-prescription drugs. Melsta Pharmacy offers patient counselling services in-house, very convenient locations, and a comfortable atmosphere to source their medical requirements. It also offers online ordering and home delivery services to the doorstep.

Media and Creative Services

Splendor is a unique, creative media agency. Splendor has since grown into a full-service advertising agency, which now works with a diverse range of clients. Providing a unique mix of strategy, creatives, and media buying, Splendor embraces all disciplines across traditional media and new media. This includes branding, design, mobile development, digital strategy, website development, and online marketing. As a fiercely independent creative agency, Splendor prides itself on providing authentic, relevant, and progressive solutions for its clients, with work capable of influencing culture and enhancing business. With campaigns that are driven by ideas, grounded in strategy, and by leveraging the potential of media, Splendor offers a truly synergistic approach that can be scaled to fit any need.

Sustainability Report

Responsible Diversity

Our Sustainability Motto in Action

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

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

The Melstacorp Story

History, Ownership and Legal Framework

The roots of Melstacorp hark back to 2011, when Melstacorp was incorporated to be the strategic business arm of the DCSL Group. As a result of the restructure arrangement during the year 2016 Melstacorp became the flagship company of the Group and was listed on the Colombo Stock Exchange on 30th December 2016. Melstacorp has diversified into key economic sectors in the country, placed as one of Sri Lanka's leading blue-chip conglomerates. Melstacorp's business areas are diverse and penetrative, ranging from plantations, telecommunication, insurance, textiles, hospitality, healthcare, hydropower, BPO and its largest and most influential business contributor - beverages, encompassing alcohol.

Significant Events during the Reporting Period

- Fitch Rating has re-affirmed Melstacorp PLC and its subsidiary, Distilleries Company of Sri Lanka PLC, the National Long-Term Ratings of AAA (lka) with a stable outlook".

- During the 2021/22 FY Fitch Rating Lanka upgraded Continental Insurance's National Insurer Financial Strength (IFS) rating to "A+(LKA)" from "A (lka)" with a Stable Outlook

Report Scope

We believe that we have a responsibility towards our stakeholders to ensure that they are given a clear insight into how we have managed their business and how we intend to work in the future. This, therefore, is our honest effort in sustainability reporting. While we do know that this report is a work in progress and requires to be developed comprehensively, this attempt helps us to put our results, both positive and negative, down on paper and work on plans that would ensure that our presence as a corporate leader will surely be advantageous to all our stakeholders. The report presents a balanced analysis of our sustainability performance strategy in relation to issues that are relevant and material to the Company and to our stakeholders, while complementing our ongoing engagement with stakeholders. This report focuses on key developments and includes only the most pertinent indicators in order to provide stakeholders with an integrated and succinct view of our sustainability performance. Unless otherwise indicated, facts and figures refer to the Melstacorp Group. Sustainability in our business is built on natural capital, social capital and economic capital, all of which must be taken together rather than in isolation for a true picture of sustainability. It is these capital segments that run through as themes of this report.

Materiality

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

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

Reporting Period

This report supports the Melstacorp Group's Annual Report and presents our sustainability performance for the year ended 31 March 2022. It covers Company activities, including the subsidiaries reporting period (for example, fiscal/ calendar year) for information provided 01 April 2021 to 31 March 2022. Data measurement techniques and the bases of calculations applied for compilation and other information in the report is disclosed wherever applicable. We invite feedback from our stakeholders on this report and the way we approach our sustainability priorities in order to continue improving our performance, transparency and accountability practices.

Governance, Commitments and Engagement

Board of Directors

Collectively, the Melstacorp Board has significant corporate acumen, skill, knowledge and experience aided by astute and knowledgeable support and information from senior management and external specialists when the need arises to be sufficiently informed and be independent. Board governance ensures that relevant related party transactions are reviewed by Related Party Transactions Review Committee and the Group discloses related party transactions periodically and if any Director has a direct or leading interest in any matter being discussed, they will abstain from opining, discussing and voting, all of which could influence the outcome. This avoids conflict of interest and ensures independence of the Board. Melstacorp has established a governance structure that remains aligned to the laws of the land and ensures compliance to various regulatory mandates. The governance structure therefore includes committees responsible for specific tasks and setting strategy and future direction for the Group.

The Board structure and committees are detailed on page 41, in this report. Melstacorp's Board comprises eight Directors (three Executive, three Independent Non-Executive, two Non-Independent Non-Executive), who meet to map strategy and for decision making which require Board intervention.

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

The Melstacorp Sustainability Approach

Vision

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

Mission

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

Philosophy

• Infusing innovation, value addition, quality and service excellence to give our customers the best

• Create a knowledge gaining culture where our team grows and develops as individuals, while honing the entrepreneurial spark to contribute towards macro development

• Continue giving our shareholders the confidence and trust that we will always do what's best, thus ensuring consistent growth in shareholder value and returns

• Make our planet healthy and green by contributing social dividends that will translate towards sustainable development for society and the environment

• Ensure that everything we do will always keep us ahead and at the helm, collating the facets of economic, social and environmental features into our business dimensions. We integrate this three-pronged approach to sustainability, so that the journey with our stakeholders will remain one in which we grow together, forging and strengthening long-term relationships.

Sustainability Report

Sustainability Policy

Our Sustainability Policy is based on the following principles:

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

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

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

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

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

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

The Framework

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

This framework assists our stakeholders in imbuing a similar sustainability approach, promotes sound environmental and social practices, encourages transparency and accountability, and contributes to positive development impacts. We ensure that this framework reflects good practice for sustainability and risk mitigation, keeping abreast of trends that bring up challenging issues, which remain at the core of managing a sustainable business. These include supply chain management, resource efficiency, climate change and human rights.

Key Challenges and Opportunities

Risks and challenges go hand in hand in the business of running an organisation, whether the risk may be from environmental problems, social discontent, political and social unrest or even natural disasters. These can be termed costly, have negative publicity, threaten operating frameworks and also prompt unforeseen expenditure.

Reputational damage too can far exceed the immediate cost impacts. While we seek to proactively reduce and manage these risks, challenges have never been a deterrent for us at Melstacorp; rather, they have been a means of directing us towards opportunity and improving business performance over time. These opportunities have driven us to enhance business growth, while ensuring that we remain within compliance benchmarks, while ensuring that our stakeholders are empowered and remain inclusive to our end goal. Over the year, we identified some challenges and risks that eventually saw an opportunity emerge, and which, through the inherent pragmatic and astute business acumen possessed within Melstacorp, was transformed and included in the strategic way forward of the Group.

Stakeholder Engagement

We are extremely committed to engaging all of our stakeholders, both internally and externally, to become the most sustainable, responsible company we can possibly be. By listening to, partnering with, and considering the perspectives of our associates, customers, shareholders, academic leaders, Government, valued business partners and sometimes even our competitors, we can truly ensure that quantifiable and qualitative returns are assured. Stakeholder engagement is a crucial element to sustainable development as it is this engagement process that prompts the two-way dialogue and communication process which eventually aligns the strong relationships among our stakeholders and forms the foundation to our sustainability journey. Having identified our stakeholder groups, as given below, we engage with them at various forums related to their interests and expectations, in an effort to adapt to changing needs and issues, which continue to evolve. As we pursue our corporate sustainability goals, we intend to further strengthen these relationships. Together, we are establishing transparency and enhancing our relevancy with the customers and communities we serve. We have created more formal channels for interacting with stakeholders both to learn from their expertise and to provide a forum for them to provide us with feedback.

Key Stakeholders

Shareholders

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

Customers

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

Employees

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

Government/Regulators

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

Suppliers

Regularly engage with suppliers to promote and institute sustainability solutions

Disclosures

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

Our customers are increasingly developing an ethical conscience, using sustainability information to identify their chosen brands. Customers want transparency, clarity and accessibility to information and disclosures on social, environmental and economic performance. Needless to say, this information needs to be consistent and presented in a standardised approach, therefore, it is imperative that disclosures are succinct, clear, and truthful and hold fast to the underlying ethos of a principled ethical well governed business entity, which is what Melstacorp espouses to be.

Economic Disclosures

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

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

We practice an environment of zero tolerance on bribery and corruption and eschew ethically unsound or corrupt practices among any stakeholder segment. In this context, we have had no incidences of bribery and corruption, unethical practices or anti-competitive behaviour stemming from our Group brought to our notice. Our business dealings remain transparent and sincere in action, while accountability remains a top priority. We remain strictly compliant with all mandatory and regulatory mandates that are prevalent in our business even though the regulatory environment in some of our businesses may be seen as unfair and unjust. We do not make contributions to political parties; no member of the Board of Directors is actively involved or an office- bearer of any political party in Sri Lanka.

Product Disclosure

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

Environmental Disclosure

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

Sustainability Report

to permeate environmental best practices among them.

Human Rights and HR Practice Disclosures

Melstacorp Group espouses and commits itself as an equal opportunity employer, stringently applying a slew of non-discriminatory policies vis-a-vis gender, age, religion, ethnicity, social, cultural and economic backgrounds on the foundation of meritocracy. We unwaveringly uphold and support the tenets mandated by the International

Labour Organisation and other

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

Community Disclosure

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

Sanitation & Housing' and by sustaining social initiatives in these key areas of interest, we believe that we can empower these communities.

Environmental

• Better waste and energy management in our manufacturing processes.

• Reducing our carbon footprint by introducing more 'green' initiatives.

• Reducing dependency on fossil fuels.

• Enhancing forest cover and food security through planting of hard wood and fruit trees.

Sustainability Focus

Social

- Enhancing entrepreneurial skills among estate youth.
- Assisting educational initiatives from childcare to university-level students.
- Creating awareness of preventable diseases among lesser affluent communities.

Economic

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

Permeating best practices to valued business partners.

Setting an example of ethical leadership through a well-governed accountable entity.

Creating benchmarks for the industry.

Sustainability Performance

Environmental Impact

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

Energy, Waste & Water Management

Energy and waste management are crucial features in our environmental management focus, especially in our manufacturing processes. DCSL uses a sophisticated distilling system using French technology which is totally environmentally-friendly embeds energy-saving features into our plants, as low evaporation during distillation aids the saving of energy. This technology has also helped in decreasing emission levels. Wastewater treatment plants and an environmentally friendly zero-harm effluent management system ensures that waste, water and effluents are all managed well within the compliance norms. While the waste water is treated to neutralise acidity and released for further use once deemed 100% safe,the methane which is discharged during the purification process is used for factory consumption. In our bid to reduce the country's dependence on fossil fuels and thereby reduce the expenditure of foreign exchange, we embarked on a mini-hydropower project. The Kirkoswald Mini-hydropower Project, under the umbrella of Bogo Power (Pvt) Limited and located within Madulsima Plantation's land, has gained approval from the Sustainable Energy Authority of Sri Lanka, generating an average of 20.0 GwH of power to the national grid. The water required for the hydropower project is diverted and returned to the river within a short distance from the point of diversion. The channel, weir and power house are small structures, which have minimum impact on the natural eco-system and the communities around the area. The companies of the Melstacorp Group have all initiated in-house modes of energy, waste and water management, as part of the Group's holistic vision of environmental impact mitigation. The Collision Repair Centre, remains very compliant with environmental regulations and in fact, has ensured that its entire facility is eco-friendly. Waste disposal is managed efficiently, with disposable waste being recycled and organic waste converted to compost, which is used to nurture vegetation within the premises. In addition, a waste-water treatment plant maximised the usage of water. Melsta Logistics also took on the responsibility of managing the Group's fleet of vehicles to ensure that measures are taken to monitor and control emission levels and usage of fossil fuels and thus reduce its carbon footprint. At present, Texpro is using biomass thermic fluid heaters instead of fossil fuel consuming equipment, as a result the Company managed to reduce the energy cost sustainably.

Recycling

Our beverage sector packaging gained emphasis to mitigate environmental impact with over 50% of the bottles used for alcohol and spirits being recycled and crates used for transport, being reused. Cellophane, glass, aluminium and plastic generated by the factory were outsourced to an external party for reuse, while used labels were transformed into pulp. This also reduced the number of trees being felled.

Sustainable Agriculture

We are proud to report that the Balangoda Plantations and Madulsima Plantations accredited by the Rain Forest Alliance as Rain Forest Alliance Certified (RAC) Plantation Companies. This enhances our commitment towards adding value and places a greater emphasis on environmental management and community development. This exercise is also a testament to our continued commitment to stepping into the growing market of enlightened consumers who make conscious choices about supporting sustainable agricultural practices through their purchases and would be a baseline to benchmark us with players in the Industry with clear goals and targets to be achieved. As a part of its pledge to continually improve environmental and social sustainability, many initiatives were launched by Balangoda Plantations to protect and conserve the natural environment through the prevention of pollution, efficient utilisation of resources, effective waste management practices, promotion of environmental awareness and sensitivity amongst the plantation community. Balangoda Plantations always espoused sustainable agricultural standards and good manufacturing practices. The Company ensured that nearly all its manufacturing facilities have gained ISO 22000 certification, which ensured that it remained within the stringent guidelines required for conducting business, manufacturing processes and systems. In order to retain these standard certifications, the facilities are also continuously subjected to audits. The larger result however is that with the infusion of best practices in agriculture, we are not only enhancing our end product, but also ensuring that our practices are governed by a green ethos. Further augmenting this green ethos, Balangoda Plantations embarked on a reforestation drive, which, while increasing our forest cover, also significantly impacted the challenges the country will face in the future of food security. In addition, the estates began implementing a composting programme, which converted non-usable materials into compost, deemed for use in the three hectares that are being replanted with tea.

Social Diversity in Our Team

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

HR Philosophy

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

Recruitment & Retention

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

The Group companies follow HR best practices ensuring consistency in the HR Policy approach and a fair playing field for potential employees. For instance, Continental Insurance strives to follow best practices in human resource management as well as the development of human

Sustainability Report

resource. As a growing business, Continental Insurance is in need of regular fresh blood from the outside, while growing talent from within, hence, Continental Insurance ensures a healthy mix of both. As an organisation is nothing more than the collective capacity of its people to create value, organisational culture is an important element in any organisation's makeup and success. Therefore, at Continental Insurance new recruitment is based on alignment with the Company's internal culture, in addition to knowledge, skills and attitudes required for the role.

Training & Development

Training and development forms the axis to the sustainability of our business and into this we have instilled a knowledge gaining culture, which enables individuals to attain their personal goals while working towards the Company's aspirations. Melstacorp is facilitating all the training programmes for the Group. The training programmes span on the job, off the job, external, hands-on and internal programmes, all designed to enhance knowledge, update skills and create an empowered workforce. Continental Insurance provides training across the board to all its employees to enhance their technical skills, not forgetting to harness their soft skills, crucial to delivering a better customer service, in line with the strategic vision of the Company. Bellvantage focuses on developing employees with continuous improvement strategies. The specialised trainers and quality evaluators give them continuous support and guidance. In addition to the in-house trainings, the Company initiated outward bound training programmes with team building activities. At Balangoda Plantations, conducted a series of training sessions on quality manufacture and agricultural practices, teamwork, career growth and development, health and safety instructions.

Recognition & Staff Well-Being

The Melstacorp HR Policy is based on the belief that a satisfied employee is a motivated employee who will contribute towards achieving Company goals voluntarily, while being more productive. We have continuously infused numerous rewards and remuneration schemes, while adding welfare initiatives that would add value to our employees to better their lifestyles. Given below briefly are some of the more important initiatives currently in place:

DCSL

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

Periceyl

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

Continental Insurance

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

Occupational Health & Safety

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

Giving back to the Community

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

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

Health, Housing and Sanitation

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

Housing Facilities

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

Health Care and Safety

Balangoda Plantations manages a number of child care centres and preschools within the plantations. The child care centres are supported by full-time trained teachers and nutritional feeding programmes. Regular child immunisation programmes are also conducted at the child care centres, ensuring access to proper child immunisation for estate children. Further, awareness programmes on improving nutritional status of women and children, dental clinics, awareness programmes on prevention and detection of cancer, disaster management and rehearsals on landslide situations, are some of the many activities carried out to create a healthy community.

Economic Contribution

Today, although our core business is beverages, our scope of business is diverse transcending different spheres across the national economy. Over the years, we have made inroads in telecommunication, plantations, textiles, BPO, logistics, leisure, insurance, media, hydro-power and healthcare committing ourselves to add economic value to all these industry sectors, while being responsible for our actions and the decisions we make. Therefore, as a leading corporate, we will strive towards building continuous sustainable value, generating returns for our shareholders, while ensuring that we consciously do the right thing not only for our stakeholders, but for the environment as well. It is this holistic outlook that allows us to work proactively with all our stakeholders, creating shareholder wealth and social value, inspiring our team and permeating best practices among our suppliers. Given our leadership status in the beverages industry, the company has been subjected to numerous actions, diktats and mandates that have continually stifled the legal alcohol and spirits industry, which have only served to allow the illegal trade to flourish. We believe that this situation will eventually take a toll on the nation's health, both economically and socially. We are by far one of the largest contributors to the national treasury, having paid Rs. 85 Bn as taxes at Group level this year. It is these funds that are eventually used by the State for meeting its development goals. Therefore, we are proud to be a major contributor to national development, as a legal, law-abiding corporate citizen with future potential to contribute toward the nation's development agenda. The diversification of the Melstacorp Group into various industries has benefited the national economy through investments in human capital and infrastructure, employment opportunities, uplifting industry standards and wider consumer choices. Our infrastructure investments into plant and machinery conform to stringent standards that naturally add value to the overall economy. Similarly, all companies in the Group conform to numerous and relevant international standards and have gained certifications of compliance, which means that the entire industry is being improved through the setting of higher benchmarks. Currently, the Melstacorp Group provides employment to 22,765 people while indirectly granting employment to many others. The benefits, remuneration, rewards and welfare gained by our employees also ensures that their families gain an improvement in their lifestyles, while additional education and training adds to elevating knowledge levels amongst our team.

Industry Leadership

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

Investor Relations

Melstacorp continued to attract high- level interest from foreign investors during the current financial year. We have conducted many meetings with current and prospective shareholders during the year. Such interest in the Company is symptomatic of positive external perceptions regarding the Company's future potential towards growth in shareholder value.

Supplier Engagement

Forging strong supplier relationships offers a comprehensive way for Melstacorp to assess and streamline the processes between our organisation and our suppliers for an effective partnership. In reality, suppliers are people as well and we believe in emotionally engaging with our suppliers so that they work harder for us and help us cover potential risk areas. Whatever the size or category of supplier, Melstacorp's Supplier Policy ensures a level playing field and equal opportunities for all our suppliers. We have procedures in place to ensure responsible behaviour towards all our suppliers, while committing our suppliers towards reciprocity in responsible behaviour towards the Company. This ensures our stringent quality and standards are understood and met by all our suppliers. We believe strongly in positioning our supplier philosophy on good corporate conduct, sourcing and producing responsible quality products and influencing a win-win relationship worked on a platform of mutual benefit. Just as we position ourselves as a responsible industry leader, we strongly believe that we must permeate the best practices we have within our business, the standards and integrity and compliance initiatives to our entire supply chain. This in effect cascades to quality, productivity and standards overall being improved. Melstacorp has a widespread and diverse supply chain spanning the full range of businesses from micro entrepreneurs, to SMEs to large corporates. We also emphasise among our supply chain and valued business partners the need to implement and promote business practices that not only encourage a safe workplace, but also request them 'to do right' by the environment, their employees and communities. In other words, we want them to, in turn, be responsible entities and individuals. Suppliers and business partners, once among the Melstacorp Group, are provided with further support and guidance, enabling improvement against these principles as the business relationship develops. Our suppliers are selected on pre-determined criteria that would position them and align them to our standards and principles. This conformance goes beyond compliance and would by no means involve us in engaging or aiding and abetting illegal or hazardous and dangerous activities. We want our suppliers to be partners with us, in joining us in our journey that will truly be one of mutual respect, understanding and trust. We Seek Suppliers into Our Value Chain who proactively support our efforts to combat illegal and illicit trade practices; comply with laws and regulations pertaining to conducting business and environmental performance, occupational health and safety; do not support or condone child labour, slavery, harassment, corporal punishment or discrimination of gender or any other denominator; are cognisant of human rights and the rights of workers; do not engage in any fraudulent or corrupt practices; provide their teams with a safe and healthy work environment; and actively engage to empower the communities in which they operate.

Customer Interaction

We believe that nurturing our customers is an ongoing dialogue and not a one-off event. Nurturing an ongoing and genuine relationship with customers will have a major impact on the way they perceive our brand but also serve to strengthen our operations through focused customer feedback. We engage our customers in numerous ways, nurturing and strengthening relationships to ensure strong loyalty to brand

and product. From face-to-face ad hoc conversations, to conducting customer surveys, to formal gatherings and informal events, we are constantly engaged with our consumer. It is this feedback and varied dialogue and communication channels we have created that have assuredly enabled us to charter our future plans. Our beverage business is fundamentally about offering adult consumers a range of high-quality products and brands with the necessary knowledge to make informed choices. We do not in any way coerce or inveigle our customers to stay with us and our portfolio of products by any illegal or unscrupulous means. Moreover, though engaged in a legal industry forced to work in a dark market, prohibitive excise duties and constant taxation, our products have remained at the helm, which has thus driven us to continually exceed our customers' demands. We do believe it is our responsibility to ensure that consuming alcohol must be done responsibly, knowing that the product is manufactured to high standards and is a proven brand of quality. Therefore, we are vociferous in numerous forums to curb and annihilate the illicit and illegal liquor trade. We work on education and awareness initiatives among various forums to take the message of the hazards and dangers posed to the eventual consumer in drinking illicit brew or illegal liquor, given that the latter too has no guarantee of quality. Our subsidiary companies have continued to gain the trust and loyalty of their customers through their customer centric policies, innovative solutions and technology applications for increased cost savings and higher customer value creation. The introduction of this latest technology is to offer world-class data solutions to customers, while providing access to greater bandwidth capacity at faster speeds. Continental Insurance provides comprehensive policies to large hotel chains operating luxury properties in Sri Lanka and the Maldives. CILL operates an Android mobile application to all technical assessors to facilitate efficiency in the processing of claims. In addition, payments of premiums online were also implemented in order to cater to the growing market of online users, thereby giving customers enhanced service with greater convenience and ease.

Awards & Recognitions

Melstacorp retained rank No. 10 in Business Today's 'Top 40' edition.

DCSL ranked No.18 in Business Today's "Top 40" edition.

Continental Insurance - Fastest Growing Non-life Insurance Company Sri Lanka 2022 by Global Banking and Finance Review.

Continental Insurance - Domestic General Insurer of the year- Insurance Asia Awards 2022

Long-term Sustainability Goals

1. Be known as the preferred employer having the ability to attract and retain talented people, inducting them in a knowledge-based corporate culture, while assuring them of career enhancement in a responsible company they will be proud to be a part of.

2. Retain market leadership by ensuring that we work on high quality sustainable competitive advantages to infuse trust and loyalty among our customer base by evolving the business to be ahead of customer expectations, which in turn will deliver qualitative and quantitative sustainable returns.

3. Never lose sight of the tenets of corporate stewardship; instil governance and regulatory best practices, while demonstrating our commitment to being an ethical, transparent and accountable group of companies.

4. Create economic and social value among the communities we work with, supporting both the rural and urban economies and key industries that are earmarked to be drivers in national development.

5. Be a Green Ideologue; an advocate who will address environmental issues and 'change' the direction of climate change, walking the talk to spread the need to reduce our carbon footprint and ensure a better planet for future generations.

Corporate Governance

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

Enterprise Governance

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

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

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

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

- Oversee business objectives including management of IT, sustainability, finance and project portfolio management to ensure sustainable consistent results.

- Board of Directors remains emphatic on due diligence to ensure accountability, transparency and sincerity of action.

- Implemented an environment of responsible and balanced corporate governance that enhances integrity and respect for the Company and ensures the Company's stewardship and stability in the industry and market.

- Introduced a culture in which the entire organisation takes ownership for risk, compliance and performance.

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

Melstacorp has a strong and sound foundation of sustainability principles that remain the overarching fundamentals in instituting and maintaining uncompromising governance practices and principles. The section of the report details the governance structure and the practices and guidelines Melstacorp has adopted in ensuring that we remain within the parameters of the numerous regulatory and authorised bodies that govern the industry and the Company. We stringently adhere toand comply with the mandates of the Colombo Stock Exchange and Securities & Exchange Commission of Sri Lanka, NATA, Excise Department, Central Bank of Sri Lanka and the Government Treasury, Institute of Chartered Accountants of Sri Lanka, Telecommunication Regulatory Commission of Sri Lanka, Insurance Board of Sri Lanka, Central Environmental Authority, relevant Ministry and Departmental authorisations and regulations, and numerous codes introduced by Professional Associations and the Chamber of Commerce from time to time.

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

The Board of Directors

Role of the Board of Directors

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

The key responsibilities of the Board are;

- To enhance shareholder value.

- Provide direction and guidance in formulating corporate strategies.

- Monitor systems and procedures especially with regard to internal controls and risk management.

- Approve major investments.

Name of Director	Status	Attendance*
D. H. S. Jayawardena	Chairman	1/1
A. L. Gooneratne	Managing Director	1/1
C. R. Jansz	Executive Director	1/1
N. de S. Deva Aditya	Independent Non-Executive Director	1/1
K. J. Kahanda	Non-Independent Non-Executive Director	1/1
A. N. Balasuriya	Independent Non-Executive Director	1/1
D. Hasitha S. Jayawardena	Non-Independent Non-Executive Director	1/1
R. Seevaratnam	Independent Non-Executive Director	1/1

*In person or by alternate

Composition of the Board and Independence

The Board of Directors of Melstacorp comprises the Chairman, two Executive Directors, two Non-Independent Non-Executive Directors and three Independent Non-Executive Directors as given in the table above. Brief profiles of the Directors are given on pages 16 to 17.

Melstacorp PLC

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

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

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

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

Meetings and Attendance

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

Board Committees

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

Audit Committee

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

R. Seevaratnam - Chairman
A. N. Balasuriya
N. de. S. Deva Aditya
D. Hasitha S. Jayawardena

The detailed report of the Audit Committee is given on pages 58 to 59.

Remuneration Committee

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

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

The report of the Remuneration Committee is given on page 60.

Corporate Governance

Related Party Transactions Review Committee

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

R. Seevaratnam - Chairman
A. N. Balasuriya
D. Hasitha S. Jayawardena

The report of the Related Party Transactions Review Committee is given on page 61.

Nomination Committee

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

N. de S. Deva Aditya - Chairman
C. R. Jansz
A. N. Balasuriya
A. L. Gooneratne - Secretary to the Committee

Investor Relations

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

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

Internal Controls

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

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

Going Concern

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

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

The Company's compliance with the CSE Listing Rules.

Section	Applicable Rule	Compliance Status	Details
7.10.1	Non-Executive Directors At least one-third of the total number of Directors should be Non-Executive Directors.	Complied	Five out of eight Directors are Non-Executive Directors
7.10.2(a)	Independent Directors Two or one-third of Non-Executive Directors, whichever is higher, should be Independent.	Complied	Three out of Five Non-Executive Directors are Independent
7.10.2(b)	Independent Director's Declaration each Non-Executive Director should submit a declaration of Independence/ Non-Independence in the prescribed format.	Complied	Please refer page 41
7.10.3(a)	Disclosure relating to Directors The Board shall annually make a determination as to the independence or otherwise of the Non-Executive Directors and names of Independent Directors should be disclosed in the Annual Report.	Complied	Please refer page 41
7.10.3(b)	Disclosure relating to Directors The basis for the Board to determine a Director is Independent, if criteria specified for Independence is not met.	Complied	Please refer page 41
7.10.3(c)	Disclosure relating to Directors A brief resume of each Director should be included in the Annual Report and should include the Director's areas of expertise.	Complied	Please refer pages 16 to 17
7.10.3(d)	Disclosure relating to Directors Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the Exchange.	Complied	No new Director was appointed during the year.
7.10.4	Criteria for defining 'Independence' Selection criteria of Independent Directors of a listed company.	Complied	Please refer page 41
7.10.5	Remuneration Committee A listed Company shall have a Remuneration Committee.	Complied	Please refer page 60
7.10.5(a)	Composition of Remuneration Committee Shall comprise of Non-Executive Directors, a majority of whom will be Independent.	Complied	Please refer page 60
7.10.5(b)	Functions of Remuneration Committee The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors.	Complied	Please refer page 60

Corporate Governance

Section	Applicable Rule	Compliance Status	Details
7.10.5(c)	Disclosure in the Annual Report The Annual Report should set out;		
	i. Names of the Directors comprising the Remuneration Committee.	Complied	Please refer page 60
	ii. Statement of Remuneration Policy.	Complied	Please refer page 60
	iii. Aggregated remuneration paid to Executive and Non-Executive Directors.	Complied	Please refer to Note 11 to the Financial Statements
7.10.6	Audit Committee The Company shall have an Audit Committee.	Complied	Please refer Audit Committee report on pages 58 to 59
7.10.6(a)	Composition i. Shall comprise Non-Executive Directors, a majority of whom will be Independent.	Complied	Please refer page 58
	ii. One Non-Executive Director shall be appointed as Chairman of the committee.	Complied	Please refer page 58
	iii. Chief Executive Officer and Chief Financial Officer shall attend Committee meetings.	Complied	Please refer page 58
	iv. The Chairman or one member of the Committee should be a member of a professional accounting body.	Complied	Please refer page 58
7.10.6(b)	Functions i. Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards.	Complied	Please refer Audit Committee report on pages 58 to 59
	ii. Overseeing the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.	Complied	
	iii. Overseeing the process to ensure that the Entity's internal controls and risk management, are adequate to meet the requirements of the Sri Lanka Accounting Standards/IFRS migration.	Complied	
	iv. Assessment of the independence and performance of the entity's External Auditors.	Complied	
	v. Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors and to approve the remuneration and terms of engagement of the External Auditors.	Complied	

Section	Applicable Rule	Compliance Status	Details
7.10.6(c)	Disclosure in Annual Report i. The names of the Directors comprising the Audit Committee.	Complied	Please refer Corporate Governance report on page 41 and Audit Committee report on pages 58 to 59
	ii. Basis of the determination of the Independence of the Auditors.	Complied	
	iii. Report by the Audit Committee setting out the manner of compliance by the Company.	Complied	
9.2.1 & 9.2.3	Related Party Transactions Review Committee.	Complied	The functions of the Committee are stated in the Related Party Transactions Review Committee report on page 61.
9.2.2	Composition of the Related Party Transactions Review Committee.	Complied	Please refer the Related Party Transactions Review Committee Report on page 61.
9.2.4	Related Party Transactions Review Committee Meetings.	Complied	Please refer the Related Party Transactions Review Committee Report on page 61.
9.3.1	Immediate disclosures.	Complied	
9.3.2(a)	Disclosure - Non-Recurrent Related Party Transactions	Complied	Please refer Note 36.2.3 of the Financial Statements.
9.3.2(b)	Disclosure - Recurrent Related Party Transactions	Complied	Melstacorp PLC carries out transactions with its subsidiaries and expected to extend over a period which are carried out on continuous basis and are of time in the ordinary course of the business of the Company. Please refer Note 36.2.4 of the Financial Statements.

Corporate Governance

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

Ruling Index	Description of the Ruling	Compliance Status	Details
A.	The Board		
A.1	Company to be headed by an effective board to direct and control the Company.	✓	Board consists of members who are qualified and experienced in various fields. Please refer Corporate Governance report on page 40.
A.1.1	Regular Board meetings and supply of information.	✓	Please refer Corporate Governance report on page 40.
A.1.2	The Board should be responsible for matters including implementation of business strategy, skills and succession of the management team, integrity of information, internal controls and risk management, compliance with laws and ethical standards, stakeholder interests, adopting appropriate accounting policies and fostering compliance with financial regulations and fulfilling other Board functions.	✓	Please refer Corporate Governance report, Annual Report of the Board of Directors and report of Audit Committee for the details.
A.1.3	Act in accordance with the laws of the country and obtain professional advice as and when required.	✓	Please refer Annual Report of the Board of Directors on page 62.
A.1.4	Access to advice and services of the Company Secretary.	✓	The Company Secretary position is headed by a professionally-qualified Company Secretary.
A.1.5	Bring independent judgment on various business issues and standards of business conduct.	✓	All Board members actively participate in Board meetings by bringing up their own independent judgment.
A.1.6	Dedication of adequate time and effort.	✓	The Directors dedicate sufficient time before a meeting to review Board Papers and call for additional information and clarification if necessary, and follow up issues consequent to the meeting.
A.1.7	Board induction and training.	✓	The Directors are provided with training as and when it is required.
A. 2	Chairman and Chief Executive Officer.		
A.2.1	Justification for combining the roles of the Chairman and CEO.	✓	The positions of Chairman and CEO are separated.

Ruling Index	Description of the Ruling	Compliance Status	Details
A.3	Chairman's Role		
A.3.1	The Chairman should ensure Board proceedings are conducted in a proper manner. Effective participation of both Executive and Non-Executive Directors. Balance of power between Executive and Non-Executive Directors.	✓	Please refer Corporate Governance report on page 40 for the following details.
A.4	Financial Acumen		
A.4	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	✓	Please refer the Audit Committee report on page 58.
A.5	Board Balance		
A.5.1	In the event the Chairman and CEO are the same person, Non-Executive Directors should comprise a majority of the Board.	N/A	N/A
A.5.2	Where the constitution of the Board of Directors includes only two Non-Executive Directors, both such Non-Executive Directors should be 'Independent'	✓	Board of Directors consists of five Non-Executive Directors, out of which three Directors are Independent. Please refer page 41.
A.5.3	Definition of Independent Directors.	✓	Please refer Corporate Governance Report on page 41.
A.5.4	Declaration of Independent Directors.	✓	Please refer Corporate Governance Report on page 41.
A.5.5	Board determinations on Independence or Non-Independence of Non-Executive Directors.	✓	Please refer Corporate Governance Report on page 41.
A.5.6	If an Alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an Executive of the Company.	N/A	N/A

Corporate Governance

Ruling Index	Description of the Ruling	Compliance Status	Details
A.5.7	In the event the Chairman and CEO is the same person, the Board should appoint one of the Independent Non-Executive Directors to be the "Senior Independent Director" (SID).	N/A	N/A
A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns.	N/A	N/A
A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present.	✓	
A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board minutes.	✓	
A.6	Supply of information		
A.6.1	The Board should be provided with timely information to enable it to discharge its duties.	✓	
A.6.2	Timely submission of the minutes, agenda and papers required for the Board Meeting.	✓	
A.7	Appointments to the Board		
A.7	Formal and transparent procedure for Board appointments.	✓	No Directors were appointed during the year.
A.7.1	Nomination Committee to make recommendations on new Board appointments.	✓	No Directors were appointed during the year.
A.7.2	Assessment of the capability of the Board to meet strategic demands of the company.	✓	No Directors were appointed during the year.
A.7.3	Disclosure of new Board member profile and Interests.	✓	No Directors were appointed during the year.

Ruling Index	Description of the Ruling	Compliance Status	Details
A.8	Re-election		
A.8/ A.8.1/ A.8.2	Re-election at regular intervals and should be subject to election and re-election by shareholders.	✓	Please refer Annual Report of the Board of Directors on page 62.
A.9	Appraisal of Board Performance		
A.9.1	The Board should annually appraise itself on its performance in the discharge of its key responsibilities.	✓	
A.9.2	The Board should also undertake an annual self-evaluation of its own performance and that of its committees	✓	
A.9.3	The Board should state how such performance evaluations have been conducted.	✓	
A.10	Disclosure of Information in Respect of Directors		
A.10.1	Profiles of the Board of Directors and Board meeting Attendance.	✓	Please refer page 16 to 17 and Corporate Governance Report on page 41.
A. 11	Appraisal of the Chief Executive Officer		
A.11.1/ A.11.2	Appraisal of the CEO against the set strategic targets.	✓	The CEO's performance is reviewed annually.
B.	Directors' Remuneration		
B.1	Remuneration Procedure		
B.1.1	The Board of Directors should set up a Remuneration Committee.	✓	
B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors.	✓	Please refer Remuneration Committee report on page 60.
B.1.3	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	✓	

Corporate Governance

Ruling Index	Description of the Ruling	Compliance Status	Details
B.1.4	Determination of the remuneration of Non-Executive Directors.	✓	Please refer Remuneration Committee report on page 60.
B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors.	✓	
B.2	The level and makeup of remuneration		
B.2.1 to B. 2.4	Performance related elements in pay structure and alignment to industry practices.	✓	N/A
B.2.5	Executive share options should not be offered at a discount.	N/A	
B.2.6	Designing schemes of performance-related remuneration.	✓	
B.2.7/ B.2.8	Compensation commitments in the event of early termination of the Directors.	✓	
B.2.9	Level of remuneration of Non-Executive Directors.	✓	
B.3	Disclosure of remuneration		
B.3/ B.3.1	Disclosure of remuneration policy and aggregate remuneration.	✓	Please refer Remuneration Committee report on page 60 and Note 11 to the Financial Statements.
C.	Relations with Shareholders		
C.1	Constructive use of the Annual General Meeting (AGM) and conduct of general meetings.	✓	The Company holds the AGM within the appropriate regulatory time intervals and effectively uses it for communication with shareholders.
C.1.1	Counting of proxy votes.	✓	
C.1.2	Separate resolution to be proposed for each item.	✓	
C.1.3	Heads of Board Sub-Committees to be available to answer queries.	✓	

Ruling Index	Description of the Ruling	Compliance Status	Details
C.1.4	Notice of Annual General Meeting to be sent to shareholders with other papers as per statute.	✓	Please refer the page 223 of the Annual Report for the notice of the meeting.
C.1.5	Summary of procedures governing voting at general meetings to be informed.	✓	
C.2	Communication with Shareholders		
C.2.1	Channel to reach all shareholders to disseminate timely information.	✓	
C.2.2/ C.2.7	Policy and methodology of communication with shareholders and implementation.	✓	
C.3	Major and material transactions including major related party transactions		
C.3.1	Disclosure of all material facts involving all material transactions including related party transactions.	✓	Please refer Note 36 the Financial Statements.
D.	Accountability and Audit		
D.1	Financial Reporting		
D.1.1	Disclosure of interim and other price-sensitive and statutorily mandated reports to regulators.	✓	The Board presents a balanced and understandable assessment that extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements complying with regulatory deadlines.
D.1.2	Declaration by the Directors that the Company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary.	✓	Please refer Annual Report of the Board of Directors on page 62.
D.1.3	Statement of Directors' Responsibility.	✓	Please refer the Statement of Directors' Responsibility on Page 67.

Corporate Governance

Ruling Index	Description of the Ruling	Compliance Status	Details
D.1.4	Management Discussion and Analysis.	✓	Please refer Management Discussion and Analysis from pages 20 to 29.
D.1.5	The Directors should report that the business is a going concern, with supporting assumptions or qualifications as necessary.	✓	Please refer Annual Report of the Board of Directors on page 62.
D.1.6	Remedial action at EGM if net assets fall below 50% of value of shareholders' funds.	N/A	N/A
D.1.7	Disclosure of Related Party Transactions.	✓	Please refer Note 36 of the Financial Statements.
D.2	Internal Control		
D.2.1	Annual review of effectiveness of system of Internal Control and report to shareholders as required.	✓	Please refer Audit Committee Report on page 58 and Annual Report of the Board of Directors on page 62.
D.2.2	Internal Audit Function.	✓	
D.2.3/ D.2.4	Maintaining a sound system of internal control.	✓	
D.3	Audit Committee		
D.3.1	The Audit Committee should be comprised of a minimum of two Independent Non-Executive Directors or exclusively by Non-Executive Directors, a majority of whom should be Independent, whichever is higher. The Chairman of the Committee should be a Non-Executive Director, appointed by the Board.	✓	Please refer Audit Committee Report on pages 58 to 59.
D.3.2	Terms of reference, duties and responsibilities.	✓	
D.3.3	The Audit Committee to have written terms of reference covering the salient aspects as stipulated in the section.	✓	
D.3.4	Disclosure of Audit Committee membership.	✓	
D. 4	Code of Business Conduct and Ethics		

Ruling Index	Description of the Ruling	Compliance Status	Details
D.4.1	Availability of a Code of Business Conduct & Ethics and an affirmative declaration that the Board of Directors abide by such Code.	✓	Please refer Annual Report of the Board of Directors on page 62.
D.4.2	The Chairman must certify that he/she is not aware of any violation of any of the provisions of this Code.	✓	Please refer Chairman's Statement on page 10.
D.5	Corporate Governance Disclosures		
D.5.1	The Directors should include in the Company's Annual Report a Corporate Governance Report.	✓	Please refer Corporate Governance Report from pages 40 to 53.
E.	Institutional Investors		
E.1	Shareholder Voting		
E.1.1	Conducting regular and structured dialogue with shareholders based on a mutual understanding of objectives.	✓	Please refer Corporate Governance Report from page 40.
E.2	Evaluation of Governance Disclosures		
E.2	When evaluating companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	✓	Please refer Corporate Governance Report from page 40.
F.	Other Investors		
F. 1	Investing/Divesting Decision Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	✓	
F. 2	Shareholder Voting Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	✓	
G	Sustainability Reporting		
G.1/ G.1.7	Disclosure of adherence to sustainability principles.	✓	Please refer Annual Report of the Board of Directors from page 62 to 64.

Enterprise Risk Management

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

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

The process of risk management at Melstacorp involves analysing exposure to risks, by identifying vulnerabilities and their probability of occurrence, which determines the way we handle such exposure. This would therefore involve the implementation of numerous policies, procedures and practices that work in conjunction to identifying, analysing, evaluating, monitoring and prioritising risks, which will follow the application of coordinated and economical solutions that minimise the probability and impact of identified vulnerabilities. Once identified, elimination, reduction, transfer and retention are the broad risk management strategies employed across Melstacorp.

Changes in Risk Profile

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

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

Strategic Action Plan

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

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

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

Risk Management Framework

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

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

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

Risk & Implication

Credit Risk & Implication	Mitigation Strategies
This risk ensues when a Group customer is unable to meet his financial obligations.	• Measure, monitor and manage credit risk for each counter-part through clear approval procedures. • Regularly review customers' credit profiles and constantly update records to ensure complete awareness of debtors' status. • Please refer financial risk management Note on page 200.
Legal and Regulatory Risk & Implication	**Mitigation Strategies**
Risks arising from non-conformance to statutory and regulatory requirements remain a reality due to the possibilities of changes to regulations and policies being sudden or constant. It also increases costs and liabilities due to these periodic regulatory changes. The nature of our liquor, telecommunication and insurance businesses continue to be subjected to a steady stream of changes in regulations and extensive compliance requirements. The authorities have severely restricted liquor advertising and limited other forms of communication with consumers via promotional and distribution activities, all of which affect profitability.	• Established a dedicated unit to keep abreast of all policy changes, to manage risk and ensure adherence to all regulations. • Recruitment of ex-regulators to senior positions within the Group with the objective to enhance regulatory awareness and increase compliance.
Investment Risk & Implication	**Mitigation Strategies**
The Group handles significant market investments which require smooth pre-study, monitoring and control. In this regard, there is stringent conformance by the Board in practising due diligence.	• The Managing Director is tasked with tracking returns on Group investments with the assistance of the Finance Manager and Group Financial Controller. • Carry out mark-to-market revaluation of equity portfolios to identify the viability of investments. • The Board develops policies and procedures to ensure that new investments and initiatives are subjected to mandatory compliance procedures. • Regular reviews by the Audit Committee and the Internal Audit Division.

Enterprise Risk Management

Human Risk & Implication	Mitigation Strategies
This is the risk arising from the inability to attract and retain skilled staff at middle to senior management levels. The migration of skilled workers, which is a phenomenon across most industry sectors, has created a brain drain and the Group remains at risk of losing key personnel to better job prospects overseas.	• Maintaining above-industry remuneration schemes. • Skills upgrading. • Professional growth avenues. • Performance-based reward systems. • Best practices are being introduced and upgraded continually. • Measures taken to retain and minimise casual/temporary. labour turnover.
Operational Risk & Implication	**Mitigation Strategies**
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The nature of our business renders us vulnerable to several common operational risks including fraud, human error, natural disasters, loss of data and unrequited disclosure of sensitive information.	• A structured internal control framework implemented works through a state-of-the-art MIS system, internal audit mechanism and insurance policies. • A comprehensive system established to ensure that any loss is communicated to all related parties and across the company to prevent similar incidents. • Regular meetings are conducted to assess these risks. • Contingency plans are in place to minimise work-stop situations. • Regular reviews of contingencies and disaster recovery plans. • Financial risk arising from an operation is covered in the financial risk management note.
Socio-Political Risk & Implication	**Mitigation Strategies**
Socio-Political risk is the possibility of instability in a country or the world which would cascade to negatively impacting markets. Unrest of any kind could affect investor attitudes towards the markets in general, leading to disruption of business. Continuity of a cohesive policy towards local business is a key element here.	• Our diversified portfolio of businesses encompasses investments that will not be minimally impacted. The only exception was the enactment of the Revival of Underperforming Enterprises and Underutilised Assets. • Act that re-acquired land of Pelwatte Sugar Industries PLC. • Here again, the impact was managed and legal redress is being sought.
Technology Risk & Implication	**Mitigation Strategies**
Stemming from the failure of the Group's ICT systems where hardware, software and communications systems may have breakdowns, halts and herald lack of recovery, as a business that leverages strategically on ICT systems, we are very much aware of the potentiality of risk and the cascading negativities that could result in both business and profitability due to Technology Risk. The Group has identified system failures and theft of information as factors that can cause significant levels of operational, reputational and financial loss to the Group.	• Implementation of stringent barriers including password protection and restricted access, stringent user guidelines, contingency plans and physical security measures closely monitored by the Central IT Unit. • Comprehensive backup and recovery systems in place. • A robust ERP system is deployed in the Company. Phased implementation of the same across Group companies.

Product Risk & Implication	Mitigation Strategies
Product risk implies any negative impact or perceived impact of our products on stakeholders in general which could decrease our market share.	• Employing established operating procedures to review and approve all raw material prior to use, to ensure maintenance of quality control. • Remain emphatic on safety, health and environmental hazards that may ensue due to possible negative publicity. • Equipping our R & D team with ample knowledge to field any technical questions about our products. • Marketing and distribution procedures have complete control of the supply chain.
Foreign Exchange Risk & Implication	**Mitigation Strategies**
Foreign exchange risk typically affects the Group companies involve import and/or export materials, products and services. It also affects investments made in other currencies than in LKR.	Group Treasury has adopted prudent measures to manage the exposure of foreign exchange risk. • Matching liabilities with corresponding receipts/inflows. • Continues monitoring process of Group foreign exchange position. • Negotiate with financial institutions to hedge possible exposures to foreign exchange risk. • Monitoring local and international events and news related to economics which can impact exchange rates. Please refer financial risk management Note on page 200.

Board Audit Committee Report

Committee

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

A brief profile of each member is given on pages 16 to 17. Ms. N. C. Gunawardena functions as the Secretary to the Audit Committee.

Meeting

The Board Audit Committee met six (6) times during the year. Mr. N. de S. Deva Aditya could not attend certain meetings during the year, due to his engagements abroad. Nevertheless, Mr. Deva Aditya was kept informed of all the proceedings of the Audit Committee and his opinion was sought on important matters.

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

Mr. R. Seevaratnam	6/6
Dr. A. N. Balasuriya	6/6
Mr. D. Hasitha S. Jayawardena	5/6
Mr. N. de S. Deva Aditya	1/6

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

Terms of Reference

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

Role of the Board Audit Committee

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

- Ensuring the integrity of the statements of the Company and that good financial reporting systems are in place and is managed in order to give accurate, appropriate and timely information to the management, regulatory authorities and shareholders in accordance with the financial reporting standards of the Institute of Chartered Accountants of Sri Lanka, Companies Act No: 07 of 2007, the Sri Lanka Accounting and Auditing Standards and the Continuing Listing Rules of the Colombo Stock Exchange.
- Assessing the independence and monitoring the performance of External Auditors.
- Ensuring the Company's internal control and risk management process operates efficiently and effectively.
- Ensure compliance with applicable laws, regulations and policies of Melstacorp Group and Company.
- Assess the Company's ability to continue as a going concern in the foreseeable future.

Internal Audit

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

External Audit

The Audit Committee met with the External Auditors to discuss the scope and the audit strategy including the coordination of the Group Audit. The Committee also reviewed the Report of the Auditors and Management Letters issued by them with and without the Management on separate occasions to ensure that no limitations were placed on their independence of work and conduct of the audit. The Committee carried out an annual evaluation of the External Auditors to establish their independence and objectivity and also obtained a written declaration from the Auditors in this regard. The Committee stipulated that the Lead Audit Partner is rotated every seven years. The Audit Committee recommended to the Board of Directors that Messrs. KPMG be reappointed as Auditors for the financial year ending 31 March 2023.

Compliance with Laws and Regulations

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

Conclusion

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

R. Seevaratnam

R. Seevaratnam

Chairman, Audit Committee

31 August, 2022

Remuneration Committee Report

Committee

The Remuneration Committee is appointed by and is responsible to its Board of Directors. It consists of two Independent Non-Executive Directors, namely Mr. N. de S. Deva Aditya, and Dr. Naomal Balasuriya who chairs the Committee and one Non-Independent Non-Executive Director Mr. D. Hasitha S. Jayawardena. Brief profiles of these Directors are given on pages 16 to 17. Ms. N. C. Gunawardena functions as the Secretary to this Committee.

Terms of Reference

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

Meetings

The Board Remuneration Committee met three (3) times during the year. Mr. N. de S. Deva Aditya could not attend certain meetings during the year, due to his engagements abroad. Nevertheless, Mr. Deva Aditya was kept informed of the proceedings of the Remuneration Committee and his opinion was sought on important matters.

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

Dr. A. N. Balasuriya	3/3
Mr. D. Hasitha S. Jayawardena	3/3
Mr. N. de S. Deva Aditya	1/3

The Managing Director who is responsible for the overall management of the Company assists the Committee.

Naomal Balasuriya

Dr. Naomal Balasuriya

Chairman, Remuneration Committee

31 August, 2022

Board Related Party Transactions Review Committee

Committee

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director; Mr. R. Seevaratnam, a Fellow of the Institute of Chartered Accountants of England & Wales, was appointed as the Chairman of the Related Party Transactions Review Committee. The other members of the Committee comprise Dr. A. N. Balasuriya, Independent Non-Executive Director and Mr. D. Hasitha S. Jayawardena, Non- Independent Non-Executive Director.

A brief profile of each member is given on pages 16 to 17. Ms. N. C. Gunawardena functions as the Secretary to the Committee.

Purpose of the Committee

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

Meetings

The Related Party Transactions Review Committee met four (4) times during the year. The attendance of the members at the meeting is as follows:

Mr. R. Seevaratnam	4/4
Dr. A. N. Balasuriya	4/4
Mr. D. Hasitha S. Jayawardena	3/4

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

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

R. Seevaratnam

R. Seevaratnam
Chairman,
Related Party Transactions Review Committee

31 August, 2022

Annual Report of the Board of Directors

The Board of Directors of Melstacorp PLC has the pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2022. The details set out herein provide the pertinent information requested under Section 168 of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance.

Principal Activities

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

Business Review

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

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

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

Pelwatte Sugar Industries PLC (PSIP)

The Revival of Underperforming Enterprises or Underutilised Assets Act, No. 43 of 2011 has been repealed by the Parliament. However, the provisions in the repealing act do not indicate the property will be returned to the PSIP or not. We have sought legal opinion on this. The Company has not changed its position advocated since the occurrence of this incident of being the legal owner of the property and as such, we have communicated our views to the Treasury. However, as a precautionary measure, the Company has also lodged an official claim with the Compensation Tribunal, appointed by the State. Since our Group is deprived of participating in controlling the financial, operating policies and other relevant activities, the financial statements of PSIP have been deconsolidated from the group financial statements. We hope some clarity regarding this untoward situation would be forthcoming within the new financial year. Further details are given in Note 40 to the Financial Statements.

Results and Appropriations

The gross turnover of the Company in the year under review amounted to Rs. 263 Mn (2020/21 – Rs. 257 Mn). The profit after tax was Rs. 7,141 Mn (2020/21 – Rs. 6,131 Mn). The Company declared two interim dividends totaling Rs. 5.40 per share for the year ended 31 March 2022. The Company has satisfied with Section 56(2) of the Companies Act No. 07 of 2007.

Financial Statements

The Financial Statements of the Company for the year ended 31 March 2022 was approved by the Board of Directors on 31 August 2022 are given on pages from 72 to 209.

Audit Report

The Auditor's Report on the Financial Statements of the Company and the Group is given on pages from 68 to 71.

Accounting Policies

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs). The accounting policies adopted in the preparation and presentation of the Financial Statements are given on pages 82 to 99. The Company and the Group has adopted SLFRS with effect from 01.04.2020.

Investments

Total investments of the Company in subsidiaries, associates and other investments amounted to Rs. 95,271 Mn (2020/21 - Rs. 100,330 Mn). The details of the investments are given in Notes 20, 21 and 23 to the Financial Statements.

Property, Plant and Equipment

The net book value of property, plant and equipment of the Company and the Group as at 31 March 2022 was Rs. 13.1 Mn (2020/21 – Rs. 13.3 Mn) and Rs.127,786 Mn (2020/21 – Rs. 111,919 Mn). Total capital expenditure during the year for the acquisition of property, plant and equipment by the Company and the Group amounted to Rs. 5.6 Mn (2020/21 – Rs. 2.3 Mn) and Rs.1,873 Mn (2020/21 – Rs. 3,126 Mn) respectively. The details of the property, plant and equipment are given in Note 15 to the Financial Statements.

Stated Capital and Reserves

As per the special resolution approved at the extra ordinary general meeting held on 15 October 2021 Company repurchased and canceled the 1,000 Non-Voting shares held in DCSL PLC for consideration of Rs. 82,500/-. Further, the Company carries out a capital reduction by transferring Rs. 19,100 Mn from Stated Capital to the Capital Reserve. As a result, The Company's Stated Capital was reduced to Rs. 70,000 Mn and a new Capital Reserve was created for Rs. 19,100 Mn The Stated Capital of the Company as at 31 March 2022 was Rs. 70.000 Mn consisting of voting ordinary shares of 1,165,397,072. The total Group Reserves as at 31 March 2022 amounted to Rs. 17,313 Mn, (2020/21 - Rs. (5,448) Mn) comprising Capital Reserves of Rs. 30,421 Mn (2020/21 - Rs. 9,649 Mn), Revenue Reserves and Retained Earnings of Rs. (13,108) Mn (2020/21 - Rs. (15,096) Mn) the movement of which is disclosed in the Statement of Changes in Equity.

Internal Controls and Risk Management

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

Capital and Other Commitments

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

Events after the Reporting Date

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

Employees

The number of persons employed by the Company as at 31 March 2022 was 36 (2020/21-42).

Board of Directors

The Board of Directors of the Company as at 31 March 2022 and their brief profiles are given on pages 16 and 17

Directors Standing for Re-election

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

To re-elect as a Director Mr. D. H. S. Jayawardena, who is over 70 years, as a Director by passing a resolution; that the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. D. H. S. Jayawardena who has attained the age of 80 and that he be re-appointed as a Director of the Company.

Also, to re-elect as a Director, Mr. R. Seevaratnam, who is over 70 years, as a Director by passing a resolution; that the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. R. Seevaratnam who has attained the age of 79 and that he be re-appointed as a Director of the Company.

Further, to re-elect as a Director, Mr. N. de S. Deva Aditya, who is over 70 years, as a Director by passing a resolution; that the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. N. de S. Deva Aditya who has attained the age of 74 and that he be re-appointed as a Director of the Company.

Interest Register

The Company maintains an Interest Register in compliance with the Companies Act No. 07 of 2007. This Annual Report also contains particulars of entries made in the interest register. Directors' Interests in Contracts are disclosed in the Related Party Transactions under Note 36 to the Financial Statements. A Code of Business Conduct and Ethics along with other controls are in place to ensure that related party transactions involving Directors, senior managers or their connected parties are conducted on an arm's length basis. The Directors to the best of their knowledge and belief hereby confirm compliance with this Code.

Directors' Shareholdings

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

As at 31 March ,	2022	2021
D. H. S. Jayawardena	13,014,200	Nil
C. R. Jansz	Nil	Nil
N. de S. Deva Aditya	Nil	Nil
Capt. K. J. Kahanda (Retd.)	Nil	Nil
Dr. A. N. Balasuriya	Nil	Nil
D. Hasitha S. Jayawardena	7,531,332	7,531,332
R. Seevaratnam	Nil	Nil

Share Information

Information relating to Earnings, Dividends, Net Assets and Market Value per Share is given on page 4. The shareholding details of the Company are given on page 213 of the Annual Report.

Annual Report of the Board of Directors

Corporate Governance

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

Board Committees

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

Related Party Transactions

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

Sustainability Principles

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

Statutory Payments

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

Going Concern

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

Auditors

Messrs. KPMG, Chartered Accountants are deemed reappointed in terms of Section 158 of the Companies Act No. 07 of 2007 as Auditors of the Company. A resolution to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting. Total audit fees paid to Messrs. KPMG and other Auditors of Group companies are disclosed in Note 11 to the Financial Statements. The Auditor of the Company has confirmed that they do not have any relationship with the Company (Other than that of Auditor) that would have an impact on their independence.

Annual General Meeting

The Annual General Meeting of the Company will be held as a virtual meeting via an online meeting platform conducted from the "Mini Auditorium" of DCSL PLC, at No 110, Norris Canal Road, Colombo 10. Sri Lanka on 22nd September 2022 at 11.00 a.m. The Notice of Meeting appears on page 221 of the Annual Report.

D. H. S. Jayawardena
Chairman

A. L. Gooneratne
Managing Director

Corporate Services (Private) Limited
Secretaries
Melstacorp PLC

31 August, 2022
Colombo

Financial Information

Statement of Directors' Responsibility

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

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

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

Compliance Report

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

By Order of the Board,

Corporate Services (Private) Limited
Secretaries
Melstacorp PLC

31 August, 2022
Colombo

Independent Auditor's Report

KPMG
(Chartered Accountants)
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To the shareholders of Melstacorp PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Melstacorp PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 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 set out on pages 72 to 211 of the annual report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 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 Company in accordance with the Code of Ethics issued by CA Sri Lanka ("Code of Ethics"), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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

Risk Description	Our response
The Company has recorded investments in Subsidiaries amounting to Rs. 60,950 Million and investments in equity-accounted investees amounting to Rs. 1,352 Million as at 31st March 2022. Additionally, the Group has recorded Rs. 9,233 Million as investments in equity accounted investees and Rs. 5,320 Million as Goodwill on acquisition as at 31st March 2022. As disclosed in note 1.2 to the financial statements, the Company's principal operation is to manage these investments. As such the valuation of these investments represents the most significant area of the Company to its stakeholders. Further, the value of these investments is significant to the financial statements. Management performed the impairment assessment for investments with indicators of impairment and determine their recoverable amounts based on either value-in-use or fair value less cost to sell calculation. Therefore, any impairment of these investments in subsidiaries and impairment of equity accounted investments will have significant impact on the financial performance of the Company and the Group respectively.	Our audit procedures included; • Obtaining an understanding of the management's impairment assessment process including the identification of impairment indicators. • Evaluating the reasonableness of the Company's / the Group's key assumptions used in its cash flow projections such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources. • Assessing the appropriateness and reasonableness of the valuation models used by the management in the calculation of recoverable values of the investments in subsidiaries and CGUs to which goodwill on acquisition is related to, by using our in-house business valuation specialists. • Assessing the mathematical accuracy of such computations, the appropriateness of input data and assumptions where applicable, used by the management in calculating the recoverable amounts of such investments.

Risk Description	Our response
Further, goodwill on acquisition represents goodwill relating to the acquisition of diversified sector and part of the healthcare sector. LKAS 36 – "Impairment of Assets" require the goodwill to be tested for impairment annually. As such, the Group has assessed the impairment of the Goodwill as at 31st March 2022. Estimation of recoverable value for the related Cash Generating Units involves certain significant assumptions and judgements. Considering these, we have identified the assessment of impairment of investments in subsidiaries of the Company, investment in equity-accounted investees and the goodwill on acquisition of the Group as a key audit matter due to the significance of the amounts recognized in the financial statements and the level of estimation uncertainties involved in determining these amounts.	• Assessing the adequacy of disclosures in the Financial Statements in relation to impairment of investments in subsidiaries, equity accounted investees and goodwill on acquisition of the Group and the Company.

Measurement of biological assets

Refer to the accounting policies on Note 3.11.1 "Biological Assets" and explanatory Note 18 "Biological Assets" to the financial statements.

Risk Description	Our response
The Group has reported biological assets amounting to Rs. 9,232 Million as at 31st March 2022. This amount consists of bearer biological assets amounting to Rs. 2,859 Million and consumable biological assets amounting to Rs. 6,374 Million. Further, Rs. 417 Million has been recognized as the gain on change in the fair value of consumable biological assets for the year ended 31st March 2022. The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Management engaged an independent external valuation expert to assist in determining the fair value of the consumable biological assets. Changes in the key assumptions such as discount rate, value per cubic meter and available timber content used for the valuation of consumable biological assets could have a material impact on the fair value gain or loss for the year and the carrying value of consumable biological assets as of the reporting date. Bearer biological assets mainly include mature and immature tea and rubber trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed. Further, bearer biological assets are subject to impairment assessment which involves management judgement in assessing the impairment indicators and impairment assessment.	Our audit procedures for consumable biological assets included; • Obtaining an understanding of and assessing the design and implementation and operating effectiveness of management's key internal control relating to valuation of consumable biological assets. • Assessing the objectivity and independence of the external valuation expert and the competence and qualification of the external expert. • Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average market price, expected timber content at harvest and harvesting plan. • Obtaining estate wise census books of timber trees and comparing the number of timber trees with the valuation report to ensure the completeness and accuracy of the data and checking the mathematical accuracy of the consumable biological assets valuation. • On sample basis, physically verifying trees during estate visits to assess the girth and height of the respective trees. Our audit procedures for bearer biological assets included; • Obtaining an understanding of and assessing the design and implementation and operating effectiveness of management's key internal control in respect of capitalization of bearer biological assets.

Risk Description	Our response
We identified the measurement of biological assets as a key audit matter because the valuation of consumable biological assets involved significant assumptions and judgments exercised by the management and the independent valuation expert could be subjected to significant level of estimation uncertainty and management bias. Further, the impairment assessment for bearer biological assets requires management to exercise their judgment in determining the impairment indicators and in impairment assessment which is based on significant estimates.	• Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified. • Testing the impairment assessment performed by the management, by challenging the impairment indicators identified and the judgements involved in impairment assessment • Testing immature to mature cost transfer worksheet for selected estates to check whether the amount transferred during the year was consistent with the Company's accounting policy and industry norms. • Assessing the adequacy of the disclosures made for the biological assets in the Group financial statements in accordance with the relevant accounting standards.

Recognition of Revenue	
Refer to the significant accounting policies in Note 3.13.3 and explanatory Note 6 to the financial statements.	
Risk Description	**Our response**
The Group has recognized a revenue of Rs. 182,990 Million for the year ended 31st March 2022. Revenue is a key performance indicator used to evaluate the performance of the Group. Given the significance of the total value, the number of transactions, geographical locations and the dependence on IT systems over recognition of revenue, the recognition of revenue was considered as a key audit matter for the year ended 31st March 2022.	Our audit procedures included; • Testing the design and operating effectiveness of key IT application and manual controls over revenue, in addition to evaluating the integrity of the general IT control environment. • Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying goods delivery notes and/or invoices to assess whether the related revenue had been recognised in the correct financial period. • Developing expectations over current revenue amount based on trend analysis considering historical sales patterns. • Comparing, on a sample basis, revenue transactions recorded to the supporting documents to assess whether the revenue transactions have been recorded accurately. • Assessing the adequacy of the disclosures made in the financial statements in accordance with the relevant accounting standards.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

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

KPMG

Chartered Accountants
Colombo
31st August 2022

Consolidated Statement of Profit or Loss

For the year ended 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Gross revenue	6	182,989,902	143,900,934	263,618	257,463
Excise duty		(76,919,114)	(66,219,462)	-	-
Cost of sales and net benefits paid	7	(64,915,239)	(53,456,793)	(7,002)	(8,096)
Gross profit		41,155,549	24,224,679	256,616	249,367
Other operating income	8	2,463,061	2,200,644	11,955,680	7,263,478
Selling and distribution expenses		(2,731,111)	(1,201,544)	-	-
Administrative expenses		(17,699,218)	(12,956,826)	(232,004)	(232,422)
Other operating expenses	9	(536,982)	(662,820)	(3,699,084)	(528,997)
Results from operating activities		22,651,299	11,604,133	8,281,208	6,751,426
Finance income	10.1.1	10,099,406	2,311,832	1,005,956	1,116,172
Finance costs	10.1.2	(6,329,380)	(4,947,889)	(673,625)	(720,226)
Net finance income/(Costs)		3,770,026	(2,636,057)	332,331	395,946
Share of profit of equity-accounted investees (net of tax)	21	441,977	421,888	-	-
Profit before income tax expense	11	26,863,302	9,389,964	8,613,539	7,147,372
Income tax	12	(9,228,574)	(6,896,395)	(1,472,318)	(1,016,547)
Profit for the year		17,634,728	2,493,569	7,141,221	6,130,825
Profit attributable to:					
Equity holders of the parent		10,969,116	4,933,197	7,141,221	6,130,825
Non controlling interest		6,665,612	(2,439,628)	-	-
		17,634,728	2,493,569	7,141,221	6,130,825
Basic earnings per share	13.1	9.41	4.23	6.13	5.26
Diluted earnings per share	13.2	9.41	4.23	6.13	5.26

The Notes from pages 82 to 211 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the year ended 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Profit for the year		17,634,728	2,493,569	7,141,221	6,130,825
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Revaluation gain on property, plant and equipment		2,556,722	2,122,157		-
Equity investments at FVOCI – net change in fair value	10	(2,178,760)	(3,626,817)	(1,992,968)	(3,110,248)
Actuarial gain/(loss) on retirement benefit obligations	33	51,542	(289,368)	2,257	4,223
Share of other comprehensive income of equity-accounted investees (net of tax)	21	12,453	6,036	-	-
Income tax on other comprehensive income	22.1.1	(231,944)	(140,254)	(542)	3,603
		210,013	(1,928,246)	(1,991,253)	(3,102,422)
Items that are or may be reclassified to profit or loss					
Exchange Difference on translation of foreign operations		7,949,214	1,028,126	-	-
Net movement on Cashflow Hedges		(2,715,462)	(712,630)	-	-
Share of other comprehensive income of equity accounted investees	21	1,057,476	306,326	-	-
		6,291,228	621,822	-	-
Total other comprehensive income/(expense) for the year		6,501,241	(1,306,424)	(1,991,253)	(3,102,422)
Total comprehensive income for the year		24,135,969	1,187,145	5,149,968	3,028,403
Total comprehensive income attributable to:					
Equity holders of the parent		13,085,694	2,845,425	5,149,968	3,028,403
Non controlling interest		11,050,275	(1,658,280)		-
		24,135,969	1,187,145	5,149,968	3,028,403

The Notes from pages 82 to 211 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Consolidated Statement of Financial Postition

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
ASSETS					
Non current assets					
Property, plant and equipment	15	127,785,816	111,918,694	13,113	13,307
Intangible assets	16	5,978,579	6,342,446	586	1,775
Investment properties	17	7,473,414	6,669,705	6,586,161	5,462,676
Biological assets	18	9,232,870	8,756,097	-	-
Right-of-use assets	19	20,522,615	15,462,527	29,217	-
Investments in subsidiaries	20	-	-	60,950,002	60,826,411
Investment in equity accounted investees	21	9,233,260	7,891,429	1,352,000	1,352,000
Deferred tax asset	22.1	3,572,382	3,399,954	3,057	2,533
Other non current financial investments	23	30,107,057	30,473,257	26,181,711	27,282,341
		213,905,993	190,914,109	95,115,847	94,941,043
Current assets					
Inventories	24	9,708,008	9,425,707	1,048	1,015
Produce on bearer biological assets	18.1.3	5,568	9,701	-	-
Trade and other receivables	25	32,871,963	26,393,844	3,253,557	486,424
Amounts due from related companies	36.1.1	217,959	463,544	2,313,973	642,895
Other current financial investments	23	28,000,520	18,039,797	6,787,575	10,869,126
Other current assets	26	583,502	488,599	-	-
Cash and cash equivalents	27	24,902,636	12,685,900	212,665	10,760
		96,290,156	67,507,092	12,568,818	12,010,220
Assets held for Sale	28	1,751,094	1,243,219	-	-
Total assets		**311,947,243**	**259,664,420**	**107,684,665**	**106,951,263**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	29	70,000,000	89,100,000	70,000,000	89,100,000
Reserves	30	38,785,120	16,013,105	12,123,483	(4,983,549)
Retained earnings/(Accumulated losses)		(21,472,548)	(21,461,330)	9,575,828	11,930,964
Equity attributable to owners of the Company		87,312,572	83,651,775	91,699,311	96,047,415
Non controlling interest		49,020,474	40,020,776	-	-
Total equity		**136,333,046**	**123,672,551**	**91,699,311**	**96,047,415**

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Non current liabilities					
Interest bearing loans and borrowings	31	51,767,396	41,262,567	-	-
Lease liabilities	32	17,031,476	12,556,314	23,859	-
Retirement benefit obligations	33	3,912,802	3,587,806	11,756	10,552
Deferred tax liabilities	22.1	11,577,145	10,622,159	780,810	601,634
Other liabilities	34	740,368	662,754	-	-
		85,029,187	68,691,600	816,425	612,186
Current liabilities					
Trade and other payables	35	50,324,333	28,702,777	3,223,020	32,019
Other liabilities	34	5,150	5,010	-	-
Amount due to related companies	36.1.2	1,966,519	715,158	391,688	418,232
Income tax payable		3,424,693	3,196,117	826,742	477,308
Interest bearing loans and borrowings	31	9,200,270	5,248,874	-	-
Lease liabilities	32	2,240,653	1,965,241	6,336	-
Bank overdrafts and other short term borrowings	27	23,423,392	27,467,092	10,721,143	9,364,103
		90,585,010	67,300,269	15,168,929	10,291,662
Total liabilities		**175,614,198**	**135,991,869**	**15,985,354**	**10,903,848**
Total equity and liabilities		**311,947,243**	**259,664,420**	**107,684,665**	**106,951,263**
Net assets per share (Rs.)		74.92	71.78	78.69	82.42

The Notes from pages 82 to 211 form an integral part of these financial statements.

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

D. M. Welikandage
Head of Finance

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

D. H. S. Jayawardena
Chairman

A. L. Gooneratne
Managing Director

Colombo, 31 August 2022

Consolidated Statement of Changes in Equity - Group

GROUP	Attributable to equity holders of parent										Non controlling interest	Total equity
	Stated capital	Revaluation reserve	Capital reserve	Reserve fund	General reserve	Exchange fluctuation reserve	Timber reserve	FVOCI reserve	Cash Flow Hedge Reserve	Accumulated Losses	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2020	**89,100,000**	**8,378,097**	**12,137**	**20,491**	**1,998,562**	**1,971,497**	**1,605,832**	**2,887,223**	**(84,496)**	**(22,215,182)**	**83,674,161**	**43,082,419**	**126,756,580**
Total Comprehensive Income for the Year													
Profit for the year	-	-	-	-	-	-	-	-	-	4,933,197	4,933,197	(2,439,628)	2,493,569
Other comprehensive income													
Equity investments at FVOCI – net change in fair value	-	-	-	-	-	-	-	(3,585,656)	-	-	(3,585,656)	(41,161)	(3,626,817)
Revaluation of property, plant and equipment	-	1,379,806	-	-	-	-	-	-	-	-	1,379,806	742,351	2,122,157
Net movement on Cashflow Hedges	-	-	-	-	-	-	-	-	(160,284)	-	(160,284)	(552,346)	(712,630)
Exchange Difference on translation of foreign operations	-	-	-	-	-	367,432	-	-	-	-	367,432	660,694	1,028,126
Actuarial losses on retirement benefit obligations	-	-	-	-	-	-	-	-	-	(133,498)	(133,498)	(155,870)	(289,368)
Share of other comprehensive income of equity-accounted investees (net of tax)	-	(3,656)	-	-	-	154,156	-	-	-	3,102	153,602	158,760	312,362
Income tax on other comprehensive income	-	(138,294)	-	-	-	-	-	(3,582)	-	32,702	(109,174)	(31,080)	(140,254)
Total other comprehensive income for the year	**-**	**1,237,856**	**-**	**-**	**-**	**521,588**	**-**	**(3,589,238)**	**(160,284)**	**(97,694)**	**(2,087,772)**	**781,348**	**(1,306,424)**
Total comprehensive income for the year	**-**	**1,237,856**	**-**	**-**	**-**	**521,588**	**-**	**(3,589,238)**	**(160,284)**	**4,835,503**	**2,845,425**	**(1,658,280)**	**1,187,145**
Transactions with owners directly recognized in the Equity													
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	(1,417,543)	(1,417,543)
Share of net assets of equity accounted investees	-	-	-	-	-	-	-	-	-	10,073	10,073	2,648	12,721
Dividends Paid During the Year (Note 14.1)	-	-	-	-	-	-	-	-	-	(2,913,495)	(2,913,495)	-	(2,913,495)
Transferred from/to retained earnings	-	-	-	-	1,006,627	-	207,213	-	-	(1,213,840)	-	-	-
Effect on changes in effective holdings in subsidiaries	-	-	-	-	-	-	-	-	-	35,611	35,611	11,532	47,143
Total contributions by and distributions to owners	-	-	-	-	1,006,627	-	207,213	-	-	(4,081,651)	(2,867,811)	(1,403,363)	(4,271,174)
Balance as at 31st March 2021	**89,100,000**	**9,615,953**	**12,137**	**20,491**	**3,005,189**	**2,493,085**	**1,813,045**	**(702,015)**	**(244,780)**	**(21,461,330)**	**83,651,775**	**40,020,776**	**123,672,551**

GROUP	Attributable to equity holders of parent												
	Stated capital	Revaluation reserve	Capital reserve	Reserve fund	General reserve	Exchange fluctuation reserve	Timber reserve	FVOCI reserve	Cash Flow Hedge Reserve	Accumulated Losses	Total	Non controlling interest	Total equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2021	**89,100,000**	**9,615,953**	**12,137**	**20,491**	**3,005,189**	**2,493,085**	**1,813,045**	**(702,015)**	**(244,780)**	**(21,461,330)**	**83,651,775**	**40,020,776**	**123,672,551**
Total Comprehensive Income for the Year													
Profit for the year	-	-	-	-	-	-	-	-	-	10,969,116	10,969,116	6,665,612	17,634,728
Other comprehensive income													
Equity investments at FVOCI – net change in fair value	-	-	-	-	-	-	-	(2,162,699)	-	-	(2,162,699)	(16,061)	(2,178,760)
Revaluation of property, plant and equipment	-	1,900,887	-	-	-	-	-	-	-	-	1,900,887	655,835	2,556,722
Net movement on Cashflow Hedges	-	-	-	-	-	-	-	-	(610,758)	-	(610,758)	(2,104,704)	(2,715,462)
Exchange Difference on translation of foreign operations	-	-	-	-	-	2,683,131	-	-	-	-	2,683,131	5,266,083	7,949,214
Actuarial losses on retirement benefit obligations	-	-	-	-	-	-	-	-	-	24,053	24,053	27,489	51,542
Share of other comprehensive income of equity-accounted investees (net of tax)	-	(673)	-	-	-	532,166	-	-	-	6,193	537,686	532,243	1,069,929
Income tax on other comprehensive income	-	(228,349)	-	-	-	-	-	6,439	-	(33,812)	(255,722)	23,778	(231,944)
Total other comprehensive income for the year	**-**	**1,671,865**	**-**	**-**	**-**	**3,215,297**	**-**	**(2,156,260)**	**(610,758)**	**(3,566)**	**2,116,578**	**4,384,663**	**6,501,241**
Total comprehensive income for the year	**-**	**1,671,865**	**-**	**-**	**-**	**3,215,297**	**-**	**(2,156,260)**	**(610,758)**	**10,965,550**	**13,085,694**	**11,050,275**	**24,135,969**
Transactions with owners directly recognized in the Equity													
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	(2,126,756)	(2,126,756)
Share of net assets of equity accounted investees	-	-	-	-	-	-	-	-	-	71,388	71,388	77,947	149,335
Dividends Declared/ Paid During the Year **(Note 14.1)**	-	-	-	-	-	-	-	-	-	(9,497,989)	(9,497,989)	-	(9,497,989)
Capital Reduction **(Note 29.2)**	(19,100,000)	-	19,100,000	-	-	-	-	-	-	-	-	-	-
Repurchase of non-voting shares **(Note 29.1)**	-	-	-	-	-	-	-	-	-	(64)	(64)	-	(64)
Gain on disposal of investments at FVOCI **(Note 23.1)**	-	-	-	-	-	-	-	(17,097)	-	17,097	-	-	-
Transferred from/to retained earnings	-	-	-	-	1,336,486	-	232,482	-	-	(1,568,968)	-	-	-
Effect on changes in effective holdings in subsidiaries	-	-	-	-	-	-	-	-	-	1,768	1,768	(1,768)	-
Total contributions by and distributions to owners	**(19,100,000)**	**-**	**19,100,000**	**-**	**1,336,486**	**-**	**232,482**	**(17,097)**	**-**	**(10,976,768)**	**(9,424,897)**	**(2,050,577)**	**(11,475,474)**
Balance as at 31st March 2022	**70,000,000**	**11,287,818**	**19,112,137**	**20,491**	**4,341,675**	**5,708,382**	**2,045,527**	**(2,875,372)**	**(855,538)**	**(21,472,548)**	**87,312,572**	**49,020,474**	**136,333,046**

The Notes from pages 82 to 211 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Consolidated Statement of Changes in Equity - Company

COMPANY	Stated capital Rs.'000	Capital Reserve Rs.'000	Revaluation reserve Rs.'000	FVOCI reserve Rs.'000	Retained earnings Rs.'000	Total Rs.'000
Balance as at 1st April 2020	**89,100,000**	-	**111,691**	**(1,989,609)**	**8,710,425**	**95,932,507**
Profit for the Year	-	-	-	-	6,130,825	6,130,825
Other Comprehensive Income						
Equity investments at FVOCI – net change in fair value	-	-	-	(3,110,248)	-	(3,110,248)
Actuarial Gain on retirement benefit obligations	-	-	-	-	4,223	4,223
Income tax on other comprehensive income	-	-	4,617	-	(1,014)	3,603
Total Other Comprehensive Income/(expense) for the year	**-**	-	**4,617**	**(3,110,248)**	**3,209**	**(3,102,422)**
Total Comprehensive Income/(expense) for the year	**-**	-	**4,617**	**(3,110,248)**	**6,134,034**	**3,028,403**
Transactions with Owners of the Company directly recognized in Equity						
Dividend paid (Note 14.1)	-	-	-	-	(2,913,495)	(2,913,495)
Transactions with Owners of the Company directly recognized in Equity	**-**	-	**-**	**-**	**(2,913,495)**	**(2,913,495)**
Balance as at 31st March 2021	**89,100,000**	-	**116,308**	**(5,099,857)**	**11,930,964**	**96,047,415**

COMPANY	Stated capital	Capital Reserve	Revaluation reserve	FVOCI reserve	Retained earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2021	**89,100,000**	-	**116,308**	**(5,099,857)**	**11,930,964**	**96,047,415**
Profit for the Year	-	-	-	-	7,141,221	7,141,221
Other Comprehensive Income						
Equity investments at FVOCI – net change in fair value	-	-	-	(1,992,968)	-	(1,992,968)
Actuarial Gain on retirement benefit obligations	-	-	-	-	2,257	2,257
Income tax on other comprehensive income	-	-	-	-	(542)	(542)
Total Other Comprehensive Income/(expense) for the year	**-**	-	-	**(1,992,968)**	**1,715**	**(1,991,253)**
Total Comprehensive Income/(expense) for the year	**-**	-	-	**(1,992,968)**	**7,142,936**	**5,149,968**
Transactions with Owners of the Company directly recognized in Equity						
Dividend declared/paid **(Note 14.1)**	-	-	-	-	(9,497,989)	(9,497,989)
Capital Reduction **(Note 29.2)**	(19,100,000)	19,100,000	-	-	-	-
Repurchase of shares **(Note 29.1)**	-	-	-	-	(83)	(83)
Transactions with Owners of the Company directly recognized in Equity	**(19,100,000)**	**19,100,000**	**-**	**-**	**(9,498,072)**	**(9,498,072)**
Balance as at 31st March 2022	**70,000,000**	**19,100,000**	**116,308**	**(7,092,825)**	**9,575,828**	**91,699,311**

The Notes from pages 82 to 211 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Consolidated Statement of Cash flows

For the year ended 31March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Cash Flow from Operating Activities					
Profit before tax		26,863,302	9,389,964	8,613,539	7,147,372
Adjustments for;					
(Gain)/Loss on disposal of property, plant and equipment	8, 9	(28,897)	10,417	-	-
Depreciation of Property, Plant and Equipment	15	5,740,064	5,720,316	5,789	5,401
Depreciation of Right of Use Assets	19.1	1,470,749	1,270,489	7,304	-
Provision for Retirement benefit obligation	33.1	683,990	611,901	3,461	3,024
Provision/ (reversal) for inventories		41,646	(3,976)	-	-
Provision/(reversal) of bad & doubtful debts and impairment of financial assets at amortized cost	9	85,901	151,336	-	-
Provision/(reversal) of impairment of equity accounted investees	21.2	30,570	-	-	-
Impairment of receivables from related parties		-	-	1,320,146	497,314
Write-off of amounts receivable from subsidiaries		-	-	1,825,530	-
Impairment of investments in subsidiaries		-	-	553,408	-
Impairment of goodwill on acquisition of subsidiaries	16	352,640	-	-	-
Bad debts written-off		-	373,352	-	-
Share of profit of equity-accounted investees, net of tax	21	(441,977)	(421,888)	-	-
Amortization, impairment and write-off of Biological Assets	18	166,959	169,301	-	-
Amortization and impairment of Intangible Assets	16	351,866	349,931	1,761	1,632
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss	10.1.1 10.1.2	(262,450)	(26,491)	(221,462)	42,590
(Gain)/loss on disposal of financial investments	8	(176,329)	(38,583)	(83,382)	(1,118)
Deferred income / Grants and subsidies recognized	34	(28,183)	(23,185)	-	-
Dividend Income	8	(598,046)	(614,543)	(11,199,120)	(6,874,045)
(Gain)/loss on change in fair value of Biological Assets	18.3	(412,477)	(369,372)	-	-
Fair value gain on investment property	17	(449,267)	(525,640)	(673,168)	(362,504)
Gain on Disposal of invesments in Subsidiaries		-	-	-	(25,734)
Provision for Impairment of Investment in Subsidiaries		-	-	-	31,682
Gain on bargain purchase	20.7.1	(145,613)			
Interest income		(2,002,323)	(1,392,155)	(784,494)	(1,116,172)
Interest expense		5,042,590	4,506,180	673,625	677,636
Operating profit before working capital changes		**36,284,715**	**19,137,354**	**42,937**	**27,078**
(Increase)/decrease in inventories		(316,414)	573,997	(33)	19
(Increase)/decrease in receivables		(4,807,516)	517,084	253,406	(256,864)
Increase/(decrease) in payables		18,444,195	3,316,064	44,428	(7,018)
(Increase) / decrease in Related Party Receivables / Payables		1,496,946	217,913	22,556	(257,822)
Cash flows generated from/(used in) operations		**51,101,926**	**23,762,412**	**363,294**	**(494,607)**
Interest paid		(3,227,046)	(3,768,227)	(638,591)	(643,733)
Income Tax paid		(8,358,412)	(3,579,330)	(944,769)	(537,522)
Retiring Gratuity paid	33.1	(379,297)	(403,625)	-	(269)
Dividends Received		598,046	614,543	8,178,149	6,514,007
Net Cash flows generated from/(used in) operations		**39,735,217**	**16,625,773**	**6,958,083**	**4,837,876**

For the year ended 31March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Cash Flow from Investing Activities					
Acquisition of Property, plant and equipment	15	(1,873,319)	(3,125,976)	(5,595)	(2,260)
Proceeds from disposal of invesments in subsidiaries		-	47,143		37,228
Acquisition of Intangible Assets	16	(76,460)	(10,996)	(572)	(325)
Acquisition of investment properties	17	(250,230)	-	(257,318)	-
Net Additions to Biological Assets	18	(227,124)	(180,244)	-	-
Investment in Associates		(148,821)	(125,820)	-	-
Investment in joint ventures		(5,000)	(225,000)		(225,000)
Proceeds from sale of Property, plant and equipment		122,912	183,531	-	-
Interest received		2,002,323	1,392,156	7,842	8,885
Net Proceeds from Disposal / (Acquisition) of Other Financial Investments		(11,256,164)	(3,795,482)	127,423	15,180
Acquisition of subsidiaries, net of cash acquired	20.7.2	(852,500)	-	-	-
Investments in subsidiaries		-	-	(517,000)	-
Loans disbursed to Subsidiaries and Associates		-	-	(4,836,867)	(1,341,637)
Proceeds from settlement of Loans given to Subsidiaries		-	-	3,728,695	462,150
Dividend received from equity accounted investees		442,662	420,931	-	-
Net Cash flows used in investing activities		**(12,121,721)**	**(5,419,757)**	**(1,753,392)**	**(1,045,779)**
Cash Flow from Financing Activities					
Net Advances received from /(Settled to)subsidiaries and equity accounted investees		(96,057)	(71,990)	-	-
Settlement of advances obtained from subsidiaries		-	-		(31,600)
Operating Lease payments made	32	(2,475,409)	(984,759)	(8,326)	-
Proceeds from interest bearing loans and borrowings	31	1,472,563	2,415,245	-	-
Repayments of interest bearing loans and borrowings	31	(3,307,704)	(1,392,134)	-	-
Dividend paid		(6,351,417)	(2,913,495)	(6,351,417)	(2,913,495)
Dividends paid by subsidiaries to minority shareholders		(2,126,756)	(1,417,543)	-	-
Repurchase of non voting shares	29.1	(64)		(83)	
Government grants received	34.1	1,182	-	-	-
Receipt of Deferred Income	34.2	13,597	4,259	-	-
Net Cash flows used in financing activities		**(12,870,065)**	**(4,360,417)**	**(6,359,826)**	**(2,945,095)**
Net increase/(decrease) in cash and cash equivalents		**14,743,431**	**6,845,599**	**(1,155,135)**	**847,002**
Cash and cash equivalents at the beginning of the year		(14,781,192)	(21,728,513)	(9,353,343)	(10,200,345)
Effect of movements in exchange rates		1,517,005	101,722	-	-
Cash and cash equivalents at the end of the year (Note 27)		**1,479,244**	**(14,781,192)**	**(10,508,478)**	**(9,353,343)**
Note B					
Analysis of cash and cash equivalents at the end of the year					
Short term deposits	27.1	3,328,455	2,091,185	-	-
Cash at bank	27	21,524,736	10,502,071	212,665	10,760
Cash in transit	27	49,445	92,644	-	-
Bank overdraft and Other Short Term Borrowings	27	(23,423,392)	(27,467,092)	(10,721,143)	(9,364,103)
		1,479,244	**(14,781,192)**	**(10,508,478)**	**(9,353,343)**

Figures in brackets indicate deductions.
The Notes form pages 82 to 211 from an integral part of these financial statements.

Notes to the Financial Statements

1. Reporting Entity

1.1 Domicile & Legal Form

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

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

The Consolidated Financial Statements of Melstacorp PLC, as at and for the year ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

1.2 Principal Activities and Nature of Operation

1.2.1 Company

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

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

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

2. Basis of Preparation

2.1 Statement of Compliance

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

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

These Financial Statements include the following components:

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

2.2 Directors' Responsibility for Financial Statements

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

2.3 Approval of Financial statements

The Consolidated Financial Statements for the year ended 31 March 2022 were approved and authorized for issue by the Board of Directors in accordance with Resolution of the Directors on 31st August 2022.

2.4 Basis of Measurement

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

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

2.5 Functional and Presentation Currency

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

2.6 Materiality and Aggregation

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

2.7 Use of Judgments and Estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. Information about assumptions and estimation uncertainties that have significant effect on the amounts recognized in the consolidated financial statements is included in following Notes;

Note 15 - Revaluation of Land and Buildings

Note 18 – Biological Assets

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

Note 33.1.2- Measurement of defined benefit plan; key actuarial assumptions

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

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

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

Note 47 - Impact From Rapid Changes in Macro Economic Factors

2.8 Going Concern

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

3. Significant Accounting Policies

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

3.1 Basis of consolidation

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

3.1.1 Business combinations

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

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

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

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

3.1.2 Subsidiaries

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

3.1.3 Non-controlling interests ("NCI")

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

3.1.4 Loss of control

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

3.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.1.6 Interests in Equity Accounted Investees

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are contractual arrangements when by two or more parties agree to share control over an economic activity. Interests in associates and Joint ventures are accounted for using the equity method (equity accounted investees). They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases.

3.2 Foreign Currency

3.2.1 Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determinate. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Foreign currency losses are generally recognized in profit or loss and presented within finance costs.

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

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

3.2.2 Foreign Operations

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

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

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

3.3 Statement of Financial Position

3.3.1 Property, Plant & Equipment

3.3.1.1 Freehold Assets

Recognition

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

Measurement

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

The cost of property, plant & equipment includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

Subsequent Cost

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

De-recognition

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

Revaluation

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

Depreciation

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

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

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

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

Capital Work-in-progress

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

Reclassification to investment property

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

3.3.2 Leases

3.3.2.1 Group acting as a lessee

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

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

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

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

Lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable or if there is a fixed in substance lease payment.

When the lease liability is remeasured as such, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right of-use asset has been reduced to zero.

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

Short term leases and leases of low value assets

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

3.3.2.1 The Group acting as a lessor

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

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

3.3.3 Intangible Assets

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

Goodwill

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

Goodwill acquired in a business combination is tested annually for impairment or more frequently if events or changes in circumstance indicate that it might be impaired and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

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

Subsequent expenditure

Subsequent expenditure is capitalized 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 recognized in profit or loss as incurred.

Amortization

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

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

3.3.4 Investment Property

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

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

3.3.5 Inventories

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

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

3.3.6 Financial Instruments

3.3.6.1 Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.3.6.2 Classification and subsequent measurement

3.3.6.2.1 Financial Assets

On initial recognition, a financial asset is classified as measured at; amortized cost; FVOCI –debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequently to their recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

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

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

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

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

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

Financial Assets - Business Model Assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management. The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair
- value of the asset managed or the contractual cash flows collected; and

Notes to the Financial Statements

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
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.

- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation 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 payment of principal and interest:

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative cost), as well as a profit margin.

In assessing whether the contractual cash flows are solely payment of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers;

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable rate features
- Prepayment and extension features; and
- Terms that limits the Group's claim to cash flows from specific assets (e.g. non-recourse features)

The prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable addition compensation for early termination of the contract.

Financial assets at FVTPL.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

B. Financial Liabilities

Financial Liabilities - Classification, subsequent measurement and gains and losses

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

2. Derecognition

Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any noncash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3.6.3 Hedge accounting and cash flow hedge

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

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

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

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

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

Cash Flow Hedge

A hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction that could affect the profit or loss is classified as a cash flow hedge.

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

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

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

3.3.7 Impairment

Financial Assets

A Non-derivative financial assets

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

- Financial assets measured at amortised cost;

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

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- The financial asset is more than 365 days past due.

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

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- Significant financial difficulty of the borrower or issuer;

- A breach of contract such as a default or being more than 90 days past due;

- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or

- The disappearance of an active market for a security because of financial difficulties

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

B Non Financial Assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounting rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of the other assets or CGUs.

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3.3.8 Stated Capital

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

3.3.9 Employee Benefits

a. Defined Contribution Plans

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

Employees' Provident Fund (EPF)

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

Employees' Trust Fund (ETF)

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

b. Defined Benefit Plans

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

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

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

c. Short Term Benefits

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

3.3.10 Provisions, Contingent Assets and Contingent Liabilities

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

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

3.3.11 Commitments

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

3.4 Statement of Profit or Loss and Other Comprehensive Income

3.4.1 Revenue

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

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

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

a. Sale of goods

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

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

b. Rendering of services

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

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an age nt and records the revenue at the net amount that it retains for its agency services.

c. Royalty Income

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

3.4.2 Borrowing Costs

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

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

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

3.4.3 Finance Income and Expenses

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

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

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

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

3.4.4 Taxation

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 – "Provisions, Contingent Liabilities and Contingent Assets"

a. Current Income Tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. Current tax payable also includes any tax liability arising from the tax on dividend income.

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

b. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

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

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

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

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

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

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

3.5 Subsequent Events

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

3.6 Earnings Per Share

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

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

3.7 Segment Reporting

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

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

3.8 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change s in value.

3.9 Comparative Figures

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

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

3.10 Grants and Subsidies

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

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

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

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

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

3.11 Policies Specific to Plantation Sector

3.11.1 Biological Asset

3.11.1.1 Immature and Mature Plantations

Biological assets are classified into mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not

Notes to the Financial Statements

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

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

yet attained harvestable specification. Tea, rubber, other plantations and nurseries are classified as biological assets.

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

The entity recognise the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

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

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

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

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

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

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

3.11.1.2 Infilling Cost on Bearer Biological Assets

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

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

3.11.1.3 Land Development Cost

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

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

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

3.11.2 Depreciation and Amortisation

(a) Depreciation

Depreciation is recognised in statement of profit or loss on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant & equipment. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/ SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

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

(b) Amortisation

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

3.11.3 Deferred Income

3.11.3.1 Grants and Subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant. Assets are amortised over their useful lives as follows;

Buildings	40 years

3.12 Policies Specific to Insurance Sector

3.12.1 Insurance Contracts

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

Product Classification

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

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

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

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

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

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

3.12.2 Deferred Acquisition Costs (DAC)

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

Notes to the Financial Statements

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

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

3.12.3 Reinsurance

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

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

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

3.12.4 Premium Receivable

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

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

3.12.5 Insurance Provision – Non – Life Insurance

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

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date.

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

Liability Adequacy Test (LAT)

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

3.12.6 Revenue Recognition

3.12.6.1 Insurance Premiums

a) Non - Life Insurance Business

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

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

b) Reinsurance Premiums

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

3.12.6.2 Policy Income

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

3.12.7 Benefits, Claims and Expenses

a) Gross Benefits and Claims

Non - Life Insurance Business

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

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

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

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

b) Reinsurance Claims

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

3.12.8 Net Deferred Acquisition Expenses

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

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

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

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

3.13 Policies Specific to Telecommunication Sector

3.13.1 Depreciation

The estimated useful lives used are as follows;

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

3.13.2 Intangible Assets

3.13.2.1 License Fees and Access Rights

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

3.13.2.2 Amortisation

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

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

3.13.3 Revenue

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

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

Notes to the Financial Statements

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

The revenue is recognised as follows:

3.13.3.1 Domestic and International Call Revenue, Rental Income

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

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

3.13.3.2 Revenue from other Network Operators and International Settlements

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

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

3.13.3.3 Revenue from Broadband

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

3.13.3.4 Revenue from other Telephony Services

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

3.13.3.5 Installation Revenue

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

3.13.3.6 Service Agreements Revenue

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

3.13.3.7 Prepaid Card Revenue

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

4. NEW / AMENDMENTS TO ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued following amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial periods beginning on or after 1st April 2022. Accordingly, the Group and Company have not applied these amendments in preparing these Financial Statements.

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

4.1 Onerous contracts - Cost of fulfilling contracts (amendments to LKAS 37)

Companies currently applying the 'incremental cost' approach will need to recognize bigger and potentially more provisions for onerous contracts.

4.2 COVID-19 related concessions beyond June 2021 (Amendments to SLFRS 16)

This amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies this practical expedient is not required to assess whether eligible rent concessions are lease modifications, but accounts for them in accordance with other applicable guidelines.

The practical expedient introduced in the 2020 amendments only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. If the Group had taken no further action, the practical expedient would have expired in a few months.

4.3 Property, Plant and Equipment: Proceeds before intended use (amendments to LKAS 16)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items.

Companies will therefore need to distinguish between:

costs associated with producing and selling items before the item of PPE is available for use; and

costs associated with making the item of PPE available for its intended use.

4.4 Classification of liabilities as current or non-current (amendments to LKAS 1)

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

4.5 Annual improvements to SLFRS Standards 2018-2020

IFRS issued improvements to standards issued during the period 2018 to 2020 with improved clarifications and amendments to SLFRS 1, SLFRS 9, SLFRS 9 and LKAS 41

4.6 SLFRS 17 Insuarance Contracts and Amendments to SLFRS 17 Insuarance contracts.

4.7 Differed tax related to assets and liabilities arising from a single transaction (Amendments to LKAS-12)

4.8 Disclosure of Accounting Policies (Amendments to LKAS-1)

4.9 Definition of Accounting Estimates (Amendments to LKAS-8)

Notes to the Financial Statements

5 Operating segment information

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

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

5.1 Segment revenues

For the year ended 31March,	2022 Rs.'000	2021 Rs.'000
Beverages (Gross)	111,915,714	97,287,605
Plantation	7,102,338	6,405,143
Telecommunication	1,928,701	2,287,957
Financial services	4,355,033	4,336,932
Diversified	57,688,116	33,583,297
Total gross revenue	**182,989,902**	**143,900,934**
Excise duty on beverages	(76,919,114)	(66,219,462)
Total net revenue	**106,070,788**	**77,681,472**

5.2 Segment profits / (losses)

For the year ended 31March,	2022 Rs.'000	2021 Rs.'000
Beverages	13,921,585	12,672,856
Plantation	(46,037)	479,029
Telecommunication	(1,720,872)	(1,339,002)
Financial services	1,001,366	1,086,084
Diversified	13,265,283	(3,930,891)
	26,421,325	8,968,076
Share of profit of equity-accounted investees (net of tax)	441,977	421,888
Profit before income tax expense	26,863,302	9,389,964
Taxation	(9,228,574)	(6,896,395)
Profit for the year	**17,634,728**	**2,493,569**

5.3 Other segmental information

For the year ended 31March,	Beverages 2022 Rs.'000	Beverages 2021 Rs.'000	Telecommunication 2022 Rs.'000	Telecommunication 2021 Rs.'000	Plantation 2022 Rs.'000	Plantation 2021 Rs.'000	Financial Services 2022 Rs.'000	Financial Services 2021 Rs.'000	Diversified 2022 Rs.'000	Diversified 2021 Rs.'000	Eliminations/ other consolidated adjustments 2022 Rs.'000	Eliminations/ other consolidated adjustments 2021 Rs.'000	Group Total 2022 Rs.'000	Group Total 2021 Rs.'000
	Reporting segment													
Purchase of PPE	49,094	63,734	105,128	262,874	93,494	71,328	8,589	16,860	1,594,841	2,705,558	22,173	5,622	1,873,319	3,125,976
Additions to intangible assets	-	-	-	(744)	1,433	325	1,035	100	73,992	11,315	-	-	76,460	10,996
Depreciation of PPE	461,102	489,325	521,431	611,347	248,034	167,919	18,451	20,340	4,205,338	4,078,311	285,707	353,074	5,740,063	5,720,316
Amortisation and impairment of intangible assets	-	-	290,807	290,223	293	292	3,801	4,072	56,965	55,344	352,640	-	704,506	349,931
Amortisation of bearer biological assets at finance lease ((JEDB/SLPC)	-	-	-	-	121,652	103,639	-	-	-	-	-	-	121,652	103,639
Interest expense	266,591	379,084	345,412	778,125	605,471	689,380	8,654	13,830	4,929,067	4,109,958	(1,112,605)	(1,464,197)	5,042,590	4,506,180

As at 31 March,	Beverages 2022 Rs.'000	Beverages 2021 Rs.'000	Telecommunication 2022 Rs.'000	Telecommunication 2021 Rs.'000	Plantation 2022 Rs.'000	Plantation 2021 Rs.'000	Financial Services 2022 Rs.'000	Financial Services 2021 Rs.'000	Diversified 2022 Rs.'000	Diversified 2021 Rs.'000	Eliminations/ other consolidated adjustments 2022 Rs.'000	Eliminations/ other consolidated adjustments 2021 Rs.'000	Group Total 2022 Rs.'000	Group Total 2021 Rs.'000
	Reporting segment													
Total assets	27,038,444	24,764,814	4,468,252	5,194,040	14,658,392	14,637,145	8,956,652	7,827,705	330,832,309	276,745,664	(74,006,804)	(69,509,701)	311,947,243	259,664,420
Total liabilities	19,776,921	14,872,084	10,920,845	11,578,607	12,882,435	12,394,996	4,947,461	4,983,901	150,183,909	108,832,552	(23,097,370)	(16,672,517)	175,614,198	35,991,869
Employee benefit obligations	188,210	269,203	64,585	81,136	2,194,231	1,761,772	51,547	63,408	1,212,935	1,412,288	201,290	-	3,912,802	3,587,806
Deferred tax assets	173,834	234,487	639	639	426,557	671,150	14,209	20,001	3,096,475	2,607,014	(139,331)	(133,335)	3,572,382	3,399,954
Deferred tax liabilities	1,690,776	1,812,458	374	374	1,200,103	1,712,196	3,336	9,568	7,125,995	5,472,394	1,556,561	1,615,169	11,577,145	10,622,159
Income tax payable	1,711,631	2,202,491	-	-	7,325	7,827	173,363	214,056	1,532,316	771,745	-	-	3,424,693	3,196,117

5.4 Segmental cash flows

As at 31 March,	Beverages 2022 Rs.'000	Beverages 2021 Rs.'000	Telecommunication 2022 Rs.'000	Telecommunication 2021 Rs.'000	Plantation 2022 Rs.'000	Plantation 2021 Rs.'000	Financial Services 2022 Rs.'000	Financial Services 2021 Rs.'000	Diversified 2022 Rs.'000	Diversified 2021 Rs.'000	Group Total 2022 Rs.'000	Group Total 2021 Rs.'000
	Reporting segment											
Operating Cash Flows	11,968,689	12,523,014	(72,744)	237,846	297,307	208,234	493,021	756,577	29,144,396	8,821,686	41,830,669	22,547,357
Investing Cash Flows	386,420	175,983	(7,683)	(223,696)	(275,106)	(220,038)	(1,067,127)	(695,904)	(9,542,361)	(6,274,480)	(10,505,857)	(7,238,135)
Financing Cash Flows	(7,577,230)	(11,117,696)	(32,418)	289,854	(191,931)	48,210	282,106	(61,252)	(9,222,231)	(2,420,665)	(16,741,704)	(13,261,549)
	4,777,879	1,581,301	(112,845)	304,004	(169,730)	36,406	(292,000)	(579)	10,379,804	126,541	14,583,108	2,047,673

6 Revenue

6.1 Revenue streams

For the year ended 31 March,	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from contracts with customers				
Sale of goods	124,749,870	108,381,707	-	-
Rendering of services	58,240,032	35,519,227	263,618	257,463
Total gross revenue (Note 6.2)	**182,989,902**	**143,900,934**	**263,618**	**257,463**

6.2 Business segment analysis of gross revenue

For the year ended 31 March,	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Beverages	111,915,714	97,287,605	-	-
Plantation	7,102,338	6,405,143	-	-
Telecommunication	1,928,701	2,287,957	-	-
Financial Services	4,355,033	4,336,932	-	-
Diversified	57,688,116	33,583,297	263,618	257,463
Total gross revenue	**182,989,902**	**143,900,934**	**263,618**	**257,463**

6.3 Geographical segment analysis of gross revenue

For the year ended 31 March,	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lanka	156,369,942	135,407,647	263,618	257,463
Maldives	21,236,832	5,158,370	-	-
Other countries	5,383,128	3,334,917	-	-
Total gross revenue	**182,989,902**	**143,900,934**	**263,618**	**257,463**

6.4 Timing of revenue recognition

For the year ended 31 March,	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Products and services transferred at a point in time	128,155,003	111,361,060	-	-
Products and services transferred over time	54,834,899	32,539,874	263,618	257,463
Total gross revenue	**182,989,902**	**143,900,934**	**263,618**	**257,463**

6.5 Performance obligations

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

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

Type of product/services	Nature and timing of satisfaction of performance obligation	Revenue recognition
Diversified sector		
Tourism		
Hotel Operation	Main revenue of the Group's hotel operation is provision of rooms for guest accommodation (apartment revenue).	Revenue recognition for the Group's hotel operation is at point of time. Apartment revenue is recognised on the rooms occupied on a daily basis over the period of the stay, while the revenue from other sources such as food and beverage sales, are accounted for at the time of consumption/service. Invoices to customers are raised on completion of the hotel stay.
	"Diamond Club" a loyalty programme, allows customers to accumulate points when they patronise the Group's hotels in Sri Lanka which could be redeemed for future hotel accommodation. Component of the revenue attributable to the diamond points is deferred and recognised when points are redeemed	Fair value of the points issued are deferred and recognised as revenue upon redemption.
Inbound and Outbound Travels	Main activity of the Group companies in the inbound and outbound travel segment is selling of tour packages and other destination management services. Customers are invoiced for the services at the commencement of the tour and the revenue is recognised at that point in time.	Revenue from sale of tour packages is recognised on the start date of the tour.
Airline General Sales Agent (Passenger services)	Overriding Commission from the Airlines is recognised when passenger actually uses the ticket while the ticketing commission from the airline is recorded on the date of the sale.	Revenue recognition at point in time.
Maritime and logistics		
Maritime and Port Services	Operations of the Group's maritime segment includes provision of services of a shipping agent, bunkering services, representation of liner shipping agencies and global container services as an agent of the principal shipping line. Revenue for segment represents the commission derived from the services rendered to the shipping lines. Revenue from the port operation and management services performed by the Group is recognised on the completion of the operation.	Commission income is recognised upon the departure of the vessel. Revenue is recognised at the point of time on completion of the port services.
Freight Forwarding and Courier	Revenue from freight forwarding and courier operations of the Group is recorded when the cargo is loaded to the vessel.	Revenue recognition for the freight forwarding and courier operation is at the point of time.
Integrated Logistics	Revenue from Group's container freight station (CFS) operations and the depot operations is recognised upon dispatch of the container from the yard, income from transport and other special operations are recognised upon completion of the activity while the revenue from warehouse and renting of reefer containers are recognised on a monthly basis over the period of the hire.	At point of time for CFS, depot, transport and other special operations and over time for warehouse and renting of reefer containers.
Airline GSA (Cargo Services)	Commission income from airline GSA is recognised when cargo is handed over to the airline	Revenue recognition at point of time.

Type of product/services	Nature and timing of satisfaction of performance obligation	Revenue recognition
Strategic investments		
Power Generation	Revenue from thermal power generation is recognised based on the actual amount of electricity generated and supplied to the national grid as a variable component and a fixed component referred to as capacity charge calculated based on the minimum guaranteed energy amount as specified in the power purchase agreement (PPA) while the Revenue from renewable power, namely wind and hydro, is recorded based on a fixed tariff in terms of the respective PPAs. Invoices for the generation of power are raised on a monthly basis.	Revenue is recognised on the last day of the month based on the power generated during the month.
Services sector		
Inward Money Transfer	Inward money transfer segment of the Group acts as a sub-representative of the Western Union Network (France) SAS. Sub representative fee is recognised by the company upon the completion of the inward money transfer.	Revenue is recorded at the point when inward money transfer is completed.
Elevator Agency	Revenue on installation of elevators are recognised in the income statement by reference to the stage of completion at the reporting date. Stage of completion is measured by reference to the percentage of work done to date. Revenue for free maintenance inbuilt in the contract is deferred until installation is completed and there after recognised monthly once the maintenance period commences. However invoices to customers are raised as per the contract terms.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on estimate of work completed.
Insurance	Commission income on the sale of insurance policies are recognised upon collection of the insurance premium while revenue from survey and other insurance services are recognised upon completion of the professional service.	Revenue recognised for commission income and fees for professional services is at point of time.
Property Management (Renting of Property)	Income for the property management companies are derived from renting of properties owned by them. Invoices for renting of property are issued on a monthly basis over the period of the rent.	Revenue is recognised over time during the period of the rent agreements
Water Bottling Operation for the use in the Hotel Sector	Customers obtain control of bottled water upon sale of the item. Invoices are generated and revenue is recognised at the point in time when the bottles are dispatched from the Group's warehouse.	Revenue is recognised when the water bottles are dispatched from the Group's warehouse.
Printing and Packaging (Supply of value added Printing and Packaging Products and Services)	Customers obtain control of goods when the goods are delivered to them. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods. Invoices are generated and revenue is recognised at the point in time when the goods are delivered.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.
Manufacturing of Apparels	Customers obtain control of goods when the garments are handed over to the nominated freight forwarding company who is an agent of the customer. Invoices are generated and revenue is recognised at that point in time	The Group recognises revenue when the manufactured garments are handed over to the nominated freight forwarding company.

Type of product/services	Nature and timing of satisfaction of performance obligation	Revenue recognition
Sale of goods		
Beverages		
Liquor Bottles	Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or services to a contract.	Revenue from the sale of goods is recognised on the point which the goods are handed over to the customer.
Plantation		
Sale of produce from plantation	Black tea produce is sold at the Colombo tea Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer.	Revenue from sale of other crops are recognised at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

7 Cost of sales and net benefits paid

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

8 Other operating income

For the year ended 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Gain on change in fair value of biological assets	18.3	412,477	369,372	-	-
Amortisation of Government grants	34.1	14,727	15,234	-	-
Gain on sale of property, plant and equipment		38,997	47,503	-	-
Fees and commission income		38,840	46,359	-	-
Rent income		149,782	123,489	-	-
Laboratory commissions		47,499	33,173	-	-
Sale of timber		43,517	20,132	-	-
Other income		259,859	255,606	10	77
Dividend income from subsidiary companies		-	-	10,709,293	6,373,594
Dividends from equity securities – at FVOCI		550,793	571,900	466,902	470,817
Dividends from equity securities – at FVTPL		47,253	42,643	22,926	29,634
Gain on disposal of fair value through profit and loss investments		176,329	38,583	83,382	1,118
Gain from changes in fair value of investment properties	17	449,267	525,640	673,167	362,504
Gain on disposal of subsidiaries/shares of subsidiaries	8.1	-	-	-	25,734
Reversal of Provision for obsolete and slow moving inventories	24.1	-	11,745	-	-
Reversal of provision for impairment		88,044	6,781	-	-
Reversal of long outstanding liabilities and provisions		64	92,484	-	-
Gain on Bargain Purchases	20.7.1	145,613	-	-	-
		2,463,061	2,200,644	11,955,680	7,263,478

8.1 The Company has disposed 1,447,085 shares of Distrilleries Company of Sri Lanka PLC during the year ended 31st March 2021.

9 Other operating expenses

For the year ended 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Net impairment of financial assets measured at amortised cost		85,901	158,118	-	-
Impairment of amounts receivable from subsidiaries		-	-	1,320,145	497,315
Write-off of amounts receivable from subsidiaries		-	-	1,825,530	-
Bad debts written-off		-	373,352	-	-
Loss on disposal of property plant and equipment		10,100	57,920	-	-
Impairment of investment in subsidiaries	20.3	-	-	553,409	31,682
Impairment of goodwill on acquisition of subsidiaries	16	352,640			
Impairment of immature biological assets	18.1.2	14,494	59,318	-	-
Write-off of bearer biological assets	18.1.2	30,813	6,343	-	-
Provision for obsolete and slow moving inventories	24.1	41,646	7,769	-	-
Other Expenses		1,388	-	-	-
		536,982	662,820	3,699,084	528,997

10 Finance income and finance costs

10.1 Recognized in profit and loss

10.1.1 Finance income

For the year ended 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Interest income and net change in fair value of government securities classified as FVTPL		1,764	302	-	-
Interest income on financial assets measured at FVOCI		50,764	30,848	-	-
Interest income on financial assets measured at amortized cost		1,949,795	1,361,005	784,494	1,116,172
Foreign exchange gain		7,827,449	838,977	-	-
Gain on change in fair value of financial assets at fair value through profit or loss		269,634	80,700	221,462	-
		10,099,406	2,311,832	1,005,956	1,116,172

10.1.2 Finance costs

For the year ended 31March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Interest expense on financial liabilities measured at amortized cost					
Interest on bank overdraft and long/short term borrowings		4,132,693	3,612,021	637,885	630,582
Interest on related party current accounts		-	-	33,307	47,054
Interest expense on lease liabilities	32	909,897	894,159	2,433	-
Other finance charges		170,500	103,630	-	-
Foreign exchange loss		1,109,106	283,870	-	-
Loss on change in fair value of financial assets at fair value through profit or loss		7,184	54,209	-	42,590
		6,329,380	4,947,889	673,625	720,226
Net finance income/(costs) recognized in profit or loss		3,770,026	(2,636,057)	332,331	395,946
The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:					
Total interest income on financial assets		2,002,323	1,392,155	784,494	1,116,172
Total interest expense on financial liabilities		5,042,590	4,506,180	673,625	677,636
Recognized in other comprehensive income					
Equity investments at FVOCI – net change in fair value		(2,178,760)	(3,626,817)	(1,992,968)	(3,110,248)
		(2,178,760)	(3,626,817)	(1,992,968)	(3,110,248)

11 Profit before income tax expense

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

For the year ended 31 March,		Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Remuneration to directors and fees			705,570	453,036	52,254	50,202
Auditor's remuneration			-	-	-	-
Audit	- KPMG		46,064	41,548	1,000	824
	- Other auditors		19,649	14,984	-	-
Non-audit	- KPMG		19,574	25,994	-	-
	- Other auditors		9,907	7,091	-	-
Personnel costs		11.1	18,055,424	14,914,634	93,489	97,590
Depreciation and amortisation						
Depreciation of property plant and equipment		15	5,740,064	5,720,316	5,789	5,401
Amortisation of intangible assets		16	351,866	349,931	1,761	1,632
Amortisation of bearer biological assets		18	121,652	103,639	-	-
Amortization of Right of Use assets		19	1,470,749	1,270,489	7,304	-
Donations			14,249	23,551	8,469	23,147
Direct operating expenses on investment properties			11,831	12,697	7,002	8,096

11.1 Personnel costs

For the year ended 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Salaries, wages and other benefits		15,985,909	13,061,174	80,455	84,519
Defined contribution plans- EPF and ETF		1,385,525	1,241,559	9,573	10,047
Defined benefit plans	33.1.1	683,990	611,901	3,461	3,024
Total		18,055,424	14,914,634	93,489	97,590

11.1.1. Number of employees

For the year ended 31 March,	Group 2022	Group 2021	Company 2022	Company 2021
Total number of employees	22,765	21,978	36	42

Notes to the Financial Statements

12 Income Tax

For the year ended 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Current tax expense	12.1	8,587,072	7,209,168	1,294,208	992,678
Deferred tax charged/(reserved) during the year	22.1.1	641,502	(312,773)	178,110	23,869
		9,228,574	6,896,395	1,472,318	1,016,547

12.1 Current tax expense

For the year ended 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Current tax charge	12.1.1	8,495,460	7,261,051	1,294,384	992,678
(Over)/under provision of current tax with respect of previous years		38,169	(52,679)	(176)	-
Withholding tax on dividends paid by subsidiaries		33,594	796	-	-
Write off of tax receivables		19,849	-	-	-
		8,587,072	7,209,168	1,294,208	992,678

12.1.1 Numerical reconciliation of accounting profits to income tax expense

For the year ended 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Profit before income tax expense		**26,863,302**	**9,389,964**	**8,613,539**	**7,147,372**
Share of profit of equity accounted investees		(441,977)	(421,888)	-	-
Dividend income from group companies		10,703,221	6,373,644	-	-
Other consolidation adjustments		(1,768,666)	(217,180)	-	-
Profit before income tax after adjustments		**35,355,881**	**15,124,540**	**8,613,539**	**7,147,372**
(-) Income not subject to tax		(1,448,520)	(156,114)	(474,449)	(853,882)
(-) Income from other sources		(10,064,433)	(8,564,758)	(8,981,985)	(7,535,527)
(+) Disallowable expenses		16,568,596	11,624,327	1,083,061	605,612
(-) Allowable deductions		(19,397,926)	(23,260,078)	(86,389)	(69,430)
(+) Tax losses incurred		7,972,100	24,949,874	-	705,855
Taxable profit from business		**28,985,698**	**19,717,791**	**153,777**	**-**
Taxable profit from business		**28,985,698**	**19,717,791**	**153,777**	**-**
(+) Income from other sources		10,064,433	8,564,758	8,981,985	7,535,527
(-) Tax losses utilized		(6,722,332)	(2,509,888)	-	(705,855)
(-) Qualifying payments		-	(18,784)	-	(18,784)
Taxable income		**32,327,799**	**25,753,877**	**9,135,762**	**6,810,888**
Income tax at,					
Rate of 28%		-	298,594	-	-
Rate of 24%		809,588	396,232	36,906	93,968
Rate of 14% on dividend income		1,275,308	923,953	1,257,478	898,710
Rate of 40% on liquor business		5,433,438	5,021,635	-	-
Concessionary rates		357,456	357,783	-	-
Varying rates on off - shore profits		619,670	262,854	-	-
Total current tax charge		8,495,460	7,261,051	1,294,384	992,678
Average statutory income tax rate (%)		26.28%	28.19%	14.17%	14.57%

12.1.2 Effective tax rate

	Note	Group 2022 %	Group 2021 %	Company 2022 %	Company 2021 %
Effective tax rate	12.1.2.1	24.03%	48.01%	15.03%	13.89%

12.1.2.1 Reconciliation of effective tax rate

For the year ended 31March,	Group			
	2022		2021	
	Rs.'000	%	Rs.'000	%
Profit before income tax after adjustments	35,355,881		15,124,540	
Income tax expense at the average statutory income tax rate	9,291,213	26.28%	4,264,215	28.19%
Income not subject to tax	(380,658)	-1.08%	(44,015)	-0.29%
Disallowable expenses	4,354,081	12.32%	3,277,364	21.67%
Allowable expenses	(5,102,820)	-14.43%	(6,557,949)	-43.36%
Tax losses incurred	2,094,997	5.93%	7,034,371	46.51%
Tax losses utilised	(1,766,569)	-5.00%	(707,638)	-4.68%
Qualifying payments	-	0.00%	(5,296)	-0.04%
Current tax expense	8,495,460	24.03%	7,261,051	48.01%

For the year ended 31March,	Company			
	2022		2021	
	Rs.'000	%	Rs.'000	%
Profit before income tax	8,613,539		7,147,372	
Income tax expense at the average statutory income tax rate	1,220,394	14.17%	1,041,720	14.57%
Income not subject to tax	(67,221)	-0.78%	(124,452)	-1.74%
Disallowable expenses	153,452	1.78%	88,267	1.23%
Allowable expenses	(12,240)	-0.14%	(10,119)	-0.14%
Tax losses incurred	-	0.00%	102,877	1.44%
Tax losses utilized	-	0.00%	(102,877)	-1.44%
Qualifying payments	-	0.00%	(2,738)	-0.04%
Current tax expense	1,294,384	15.03%	992,678	13.89%

12.2 Applicable rates and exemptions, concessions or holidays granted on income tax

12.2.1 Application of substantively enaccted tax rate

As per the Inland Revenue amendment Act No 10 of 2021, the company is liable for income tax at the rate of 24% (2020 : 28%) on its business income and 14% on its dividend income recieved out of liable profits from 1st January 2020.

12.2.1.2 Companies exempt from income tax under the Inland Revenue Act

Company	Basis	Statute Reference	Period
Ahungalla Resorts Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/30
Negombo Beach Resorts (Pvt) Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/30
Turyaa Resorts (Pvt) Ltd (formally Aitken Spence Resorts (Pvt) Ltd)	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	10 years ending 2026/27
Ace Apparels (Pvt) Ltd	Construction of a garment factory and manufacturing apparels	Section 16C of the Inland Revenue (Amendment) Act No. 08 of 2012	5 years ending in 2021/2022
Upper Waltrim Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	7 years ending 2023/2024

In addition, the Inland Revenue Amendment Act No 10 of 2021 specifies following income tax exemptions.

Company	Basis	Period
Aitken Spence Agriculture (Pvt) Ltd Elpitiya Plantations PLC Balangoda Plantations PLC Madulsima Plantations PLC	Gains and profits from sale of produce by an undertaking for agro farming without subjecting to any process of production or manufacture	5 years commencing from 1st April 2019
Aitken Spence Global Operations (Pvt) Ltd Aitken Spence Hotels International (Pvt) Ltd Aitken Spence Hotel Managements Asia (Pvt) Ltd Aitken Spence Ports International Ltd Royal Spence Aviation (Pvt) Ltd Aitken Spence International Consulting (Pvt) Ltd (formally Aitken Spence Insurance (Pvt) Ltd) Aitken Spence PLC Aitken Spence Travels (Pvt) Ltd Aitken Spence Ports International Ltd Royal Spence Aviation (Pvt) Ltd	Gains and profits from provision of 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 through a bank	Open ended

Notes to the Financial Statements

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

12.2.2 Companies liable to income tax at concessionary rates

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

Company	Basis	Income Tax Rate*
Ace Power Embilipitiya (Pvt) Ltd	Construction and operation of a thermal power generation plant	15%
Aitken Spence Property Developments (Pvt) Ltd	Construction and operation of a luxury office building complex	20%

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

12.2.2.2 Companies liable to income tax at concessionary rates under the Inland Revenue Act

Company	Basis/Statute Reference	Applicable From 01.01.2020
Aitken Spence Engineering Solution (Pvt) Ltd Aitken Spence (Garments) Ltd	Company conducting a business of exporting goods or merchandise	14%
Ace Exports (Pvt) Ltd Aitken Spence Apparels (Pvt) Ltd	Specified undertaking supplying of services to an exporter or manufacture & supply to an exporter of non-traditional goods	14%
Aitken Spence Hotel Holdings PLC Aitken Spence Hotels Ltd Aitken Spence Travels (Pvt) Ltd Hethersett Hotels Ltd Kandalama Hotels (Pvt) Ltd Paradise Resorts Pasikudah (Pvt) Ltd Turyaa (Pvt) Ltd (formally Golden Sun Resorts (Pvt) Ltd)	Company engaged in an undertaking for the provision of tourism	14%
Ace Cargo (Pvt) Ltd Aitken Spence Cargo (Pvt) Ltd Aitken Spence Shipping Ltd. Aitken Spence Shipping Services Ltd. Clark Spence & Company (Pvt) Ltd D B S Logistics Ltd Hapag-Lloyd Lanka (Pvt) Ltd Shipping & Cargo Logistics (Pvt) Ltd.	Specified undertaking providing freight forwarding, transshipment operations or provision of service to a foreign ship operator	14%

Company	Basis/Statute Reference	Applicable From 01.01.2020
Ace Container Repair (Pvt) Ltd	Specified undertaking providing any service of ship repair, ship breaking repair and refurbishment of marine cargo containers	14%
Logilink (Pvt) Ltd	Specified undertaking providing logistic services such as bonded warehouse or multi-country consolidation in Sri Lanka	14%
Ace Wind Power (Pvt) Ltd Aitken Spence Power Ltd Branford Hydropower (Pvt) Ltd Elgin Hydropower (Pvt) Ltd Waltrim Hydropower (Pvt) Ltd	Gains and profits from the supply of electricity using renewable energy resources	14%
CINEC Campus (Pvt) Ltd (formally Colombo International Nautical and Engineering College (Pvt) Ltd) Mercantile seamen training institute Ltd	Gains/Profits from providing educational services	14%
Elpitiya Plantations PLC Balangoda Plantations PLC Madulsima Plantations PLC	Profits from operation of agro processing Renewable energy	14%
Aitken Spence Printing & Packaging (Pvt) Ltd Aitken Spence Exports (Pvt) Ltd	Gains and profits from Manufacturing	18%
Spence Seahorse Marine (Pvt) Ltd	Specified undertaking providing bunkering services for the supply of marine fuel	14%
Hospital Management Melsta (Pvt) Ltd Melsta Hospitals Ragama (Pvt) Ltd Melsta Laboratories (Pvt) Ltd	Gains/Profits from providing healthcare services	14%
Texpro Industries Limited	Company is taxed under a concessionary rate of 12% originally,. However as the Inland Revenue Amendment Act No 10 of 2021 which has been legislated, the new tax rate is 14%.	14%

In addition, Dividends recieved out of taxable profits of companies subject to tax adjustments is liable to an income tax rate of 14%.

12.3 Companies incorporated in Sri Lanka and operating outside Sri Lanka

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

Company	Countries Operated	Tax Status
Aitken Spence Ports International Ltd (formally Port Management Container Service (Pvt) Ltd)	Mozambique, Fiji	Income derived from Mozambique and Fiji are subject to withholding tax at 15% and 20% respectively.
Royal Spence Aviation (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.

Profits and income referred to above are exempt from income tax in Sri Lanka as per the Inland Revenue Amendment Act No. 10 of 2021.

12.4 Companies incorporated and operating outside Sri Lanka

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

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

- Dividends remitted to Sri Lanka from above companies are exempt from income tax under third schedule to the Inland Revenue Amendment Act No. 10 of 2021.
- Dividends paid by the companies registered in Maldives is subject to withholdings tax of 10% as per provisions of the Maldives Income Tax Act and the regulation issued thereto.

12.1.4 Tax losses

For the year ended 31 March,	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Losses brought forward	50,433,655	29,206,300	-	-
Adjustment due to finalisation of taxes	1,368,234	(1,212,631)	-	-
Tax losses incurred during the year	7,972,100	24,949,874	-	705,855
Losses utilized during the year	(6,722,332)	(2,509,888)	-	(705,855)
Expiary of tax losess	(135,531)	-	-	-
Loss carried forward	52,916,126	50,433,655	-	-

13 Earnings per share

13.1 Basic earnings per share

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

For the year ended 31 March,	Group		Company	
	2022	2021	2022	2021
Profit attributable to equity holders of the company **(Rs.'000)**	10,969,116	4,933,197	7,141,221	6,130,825
Weighted average numbers of ordinary shares	1,165,397,614	1,165,398,072	1,165,397,614	1,165,398,072
Basic earnings per share **(Rs.)**	9.41	4.23	6.13	5.26

13.2 Diluted earnings per share

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

14 Dividend per share

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

For the year ended 31 March,	Company			
	2022		2021	
	Per share	Total	Per share	Total
	Rs.	Rs.'000	Rs.	Rs.'000
First Interim Dividend 2020/21	-	-	2.50	2,913,495
Second Interim Dividend 2020/21	2.75	3,204,845	-	-
First Interim Dividend 2021/22	2.70	3,146,572	-	-
Second Interim Dividend 2021/22	2.70	3,146,572	-	-
	-	9,497,989	-	2,913,495

15 Property, Plant & Equipment

GROUP

	Note	Cost or valuation At the beginning of the year Rs.'000	Additions during the year Rs.'000	Revaluation during the year Rs.'000	Disposals / write-offs Rs.'000	Transfers Rs.'000	Transferred to Investment Properties Rs.'000	Acquisition of Subsidiary Rs.'000	Exchange Difference Rs.'000	At the end of the year Rs.'000
Freehold										
Land	15.2	24,736,469	11,072	1,772,705	-	-	-	-	1,948,869	28,469,115
Land improvements		177,196	2,388	-	-	-	-	-	-	179,584
Buildings	15.2	71,312,283	160,856	511,071	-	237,091	(104,685)	4,287	15,662,172	87,783,075
Improvements to buildings		853,906	23,254	-	-	54,293	-	-	-	931,453
Civil constructions		679,095	-	-	-	-	-	-	-	679,095
Plant, machinery & other equipment		38,889,559	907,072	-	(250,145)	276,071	-	2,039,367	4,834,859	46,696,783
Motor vehicles		5,539,459	146,468	-	(45,668)	12,204	-	8,336	328,577	5,989,376
Furniture, fittings & office equipment		6,457,417	67,380	-	(32,888)	48,837	-	3,130	1,097,354	7,641,230
Computer equipment & software		390,923	27,557	-	-	-	-	-	-	418,480
Electro mechanical equipment		300,929	5	-	-	(476)	-	-	-	300,458
Digital electronic switches		1,573,165	43,789	-	-	7,084	-	-	-	1,624,038
Medical equipment		647,758	97,618	-	(2,966)	-	-	-	-	742,410
Network equipment		2,339,332	-	-	(51,286)	-	-	-	-	2,288,046
Towers		959,660	10,881	-	-	-	-	-	-	970,541
Customer premise equipment		3,769,303	5,918	-	-	-	-	-	-	3,775,221
Water projects & sanitation		86,480	-	-	-	-	-	-	-	86,480
Shelters and other equipment		529,525	-	-	(2,947)	-	-	-	-	526,578
FLAG project		41,505	-	-	-	-	-	-	-	41,505
LTE project		2,670,240	15,502	-	-	-	-	-	-	2,685,742
WI-Max		232,535	-	-	-	-	-	-	-	232,535
Fire fighting equipment		4,883	-	-	-	-	-	-	-	4,883
Oil storage tanks		315	-	-	-	-	-	-	-	315
Vats & casks		70,405	2,513	-	-	-	-	-	-	72,918
Drums		80	-	-	-	-	-	-	-	80
Total freehold property, plant & equipment		**162,262,422**	**1,522,273**	**2,283,776**	**(385,900)**	**635,104**	**(104,685)**	**2,055,120**	**23,871,831**	**192,139,941**
Leasehold										
Furniture, fittings & equipment		14,028	-	-	-	-	-	-	-	14,028
Immovable (JEDB/SLSPC) assets on finance lease	15.1	636,202	-	-	-	-	-	-	-	636,202
Leasehold improvements			2,947	-	-	-	-	-	-	2,947
Total leasehold property, plant & equipment		**650,230**	**2,947**	-	**-**	**-**	**-**	**-**	**-**	**653,177**
Capital work in progress		522,936	348,099	-	-	(638,480)	-	-	134,369	366,924
Total property, plant & equipment		**163,435,588**	**1,873,319**	**2,283,776**	**(385,900)**	**(3,376)**	**(104,685)**	**2,055,120**	**24,006,200**	**193,160,042**
- Recognised under non-current										
- Recognised under current *	**26**									

*Upon the expiry of power purchase agreement signed between Ace Power Embilipitiya (Pvt) Ltd., and the Ceylon Electricity Board (CEB) on the 6th Power Embilipitiya (Pvt) Ltd., entered in to a six-month Short-Term Power Purchase Agreement with CEB on the 28th of March 2022 and as the said of Ace Power Embilipitiya (Pvt) Ltd., continued to be treated under current assets.

Accumulated depreciation, amortisation and impairment									Carrying value	
At the beginning of the year	Charge for the year	Revaluation during the years	Other transfers	Disposals / write-offs	Transferred to Investment Properties	Acquisition /Disposal of Subsidiary	Exchange Difference	At the end of the year	As at 31 March 2022	As at 31 March 2021
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	-	-	-	-	-	-	-	28,469,115	24,736,469
86,475	4,831	-	-	-	-	-	-	91,306	88,278	90,721
14,005,777	2,005,708	(272,946)	-	-	(473)	1,821	3,867,852	19,607,739	68,175,336	57,306,506
14,283	42,406	-	-	-	-	-	-	56,689	874,764	839,623
297,170	33,955	-	-	-	-	-	-	331,125	347,970	381,925
16,878,942	2,335,114	-	286	(228,295)	-	489,377	3,379,186	22,854,610	23,842,167	22,010,617
3,911,840	268,682	-	-	(39,121)	-	8,230	296,313	4,445,944	1,543,432	1,627,619
4,015,700	422,535	-	(1,422)	(22,876)	-	990	544,442	4,959,369	2,681,861	2,441,717
331,895	38,067	-	-	-	-	-	-	369,962	48,518	59,028
134,906	15,023	-	-	-	-	-	-	149,929	150,529	166,023
1,397,900	73,382	-	-	-	-	-	-	1,471,282	152,756	175,265
269,982	77,628	-	-	(1,593)	-	-	-	346,017	396,393	377,776
2,052,574	9,562	-	-	-	-	-	-	2,062,136	225,910	286,758
915,692	10,418	-	-	-	-	-	-	926,110	44,431	43,968
3,751,495	23,728	-	-	-	-	-	-	3,775,221	-	17,808
78,083	1,847	-	-	-	-	-	-	79,930	6,550	8,397
526,578	-	-	-	-	-	-	-	526,578	-	2,946
40,538	412	-	-	-	-	-	-	40,950	555	967
1,642,151	348,429	-	-	-	-	-	-	1,990,580	695,162	1,028,089
232,535	-	-	-	-	-	-	-	232,534	1	-
4,537	123	-	-	-	-	-	-	4,660	223	346
315	-	-	-	-	-	-	-	315	-	-
69,389	367	-	-	-	-	-	-	69,756	3,162	1,016
80	-	-	-	-	-	-	-	80	-	-
50,658,838	**5,712,216**	**(272,946)**	**(1,136)**	**(291,885)**	**(473)**	**500,418**	**8,087,796**	**64,392,827**	**127,747,113**	**111,603,584**
14,028	-	-	-	-	-	-	-	14,028	-	-
356,612	26,899	-	-	-	-	-	-	383,511	252,691	279,590
-	949	-	-	-	-	-	-	949	1,998	
370,640	**27,848**	**-**	**-**	**-**	**-**	**-**	**-**	**398,488**	**254,689**	**279,590**
-	-	-	-	-	-	-	-	-	366,924	522,936
51,029,478	**5,740,064**	**(272,946)**	**(1,136)**	**(291,885)**	**(473)**	**500,418**	**8,087,796**	**64,791,316**	**128,368,726**	**112,406,110**
									127,785,816	111,918,694
									582,910	487,416
									128,368,726	**112,406,110**

of April 2021, the property, plant and equipment of Ace Power Embilipitiya (Pvt) Ltd., was transferred to current assets. Subsequently Ace power purchase agreement will expire within one year from the date of the statement of financial position, property, plant and equipment

Notes to the Financial Statements

15 Property, Plant and Equipment

Cost

Company	Motor Vehicles Rs.'000	Computer Equipment Rs.'000	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Tools & Equipment Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
Balance at the beginning of the year	11,550	7,598	6,184	4,036	36	29,404	27,144
Additions during the Year	-	899	160	210	4,326	5,595	2,260
Balance at the end of the year	11,550	8,497	6,344	4,246	4,362	34,999	29,404

Accumulated Depreciation

Company	Motor Vehicle Rs.'000	Computer Equipment Rs.'000	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Tools Equipment Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
Balance at the beginning of the year	5,982	5,350	2,647	2,103	15	16,097	10,696
Charged during the Year	2,884	1,432	627	410	436	5,789	5,401
Balance at the end of the year	8,866	6,782	3,274	2,513	451	21,886	16,097

Carrying Amount

Company	Motor Vehicle Rs.'000	Computer Equipment Rs.'000	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Tools Equipment Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
As at beginning of the year	5,568	2,248	3,537	1,933	21	13,307	16,448
As at end of the year	2,684	1,715	3,070	1,733	3,911	13,113	13,307

15.1 Immovable (JEDB/SLSPC) assets on finance lease

For the year ended 31 March,	Unimproved lease land	Improvements to land	Other vested assets	Buildings	Plant & Machinery	Water Supply Scheme	Mini Hydro Scheme	Total 2022	Total 2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000.	Rs.'000	Rs.'000
Capitalised value (June 1992)									
Balance at the beginning of the year	5,317	15,702	151,815	29,981	420,747	3,347	9,293	636,202	700,226
Disposals/Transfer /(Out)	-	-	-	-	-	-	-	-	(64,024)
Balance at the end of the year	5,317	15,702	151,815	29,981	420,747	3,347	9,293	636,202	636,202
Amortisation									
As at beginning of the year	2,860	14,946	151,815	29,981	144,539	3,179	9,293	356,612	400,172
Disposals/Transfer /(Out)	-	-	-	-	-	-	-	-	(64,024)
Amortization for the year	100	523	-	-	26,164	112	-	26,899	20,464
At the end of the year	2,960	15,469	151,815	29,981	170,703	3,291	9,293	383,511	356,612
Carrying amount									
As at beginning of the year	2,457	756	-	-	276,208	168	-	279,589	300,054
As at the end of the year	2,357	233	-	-	250,044	56	-	252,691	279,590

These assets are amortised in equal annual amounts over the following periods.

Mature plantations-Tea	30 years
Unimproved Land	53 Years
Plant &Machinery	20 Years
Buildings	25 years
Water supply scheme	30 Years
Mini hydro Scheme	10 Years

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka, all immovable assets in these vestates under finance leases have been taken into the books of the Company retroactive to 18 June 1992. For this purpose, the Board of Directors of the Company decided, that these assets be stated at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the Statement of Financial Position as at 18 June, 1992.

Notes to the Financial Statements

15.2 Revaluation of Land and Buildings

15.2.1 Details of land and building stated at valuation

Distilleries Company of Sri Lanka PLC

A Valuation of freehold Lands and Buildings of Distilleries Company of Sri Lanka PLC was carried out by incorporated valuer Mr. S. Sivaskanthan as at 31st March 2019 using "Comparable market value" method and incorporated in the financial statements of the company. The surplus on revaluation of Land and Buildings has been credited to the revaluation reserve while loss been charged to Profit and Loss. The directors of the company are of the view that carrying amounts of those lands and buildings as at 31st March 2022 have not changed significantly compared to their fair value as at 31st March 2019.

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs Per perch	Per sq.ft	Sensitivity of fair value to unobservable inputs
	Land	Buildings			Sq.Ft	Land	Buildings	Land (Rs.)	Buildings (Rs.)	
No.18,Sri Saddatissa Road, Kaluhara North, Kaluthara	37,500	-	-	1A - 0R - 23P	-	Estimated price per perch	-	200,000 - 205,000	-	Positively correlated sensitivity
No.375/1 -2, Dutugamunu Mawatha, Mawilmada, Kandy	52,910	34,916	-	1A - 3R - 16P	-	Estimated price per perch	-	150,000 - 170,000	-	Positively correlated sensitivity
No.35/12, Bandarawaththa Road, Seeduwa	1,379,646	1,709,954	15	15A - 2R - 17P	184,377	Estimated price per perch	Estimated price per Square feet	540,000 - 560,000	8,000 - 10,000	Positively correlated sensitivity
No.65/84, Distillery Road, Seeduwa	494,582	226,564	22	5A - 2R - 15.10P	100,611	Estimated price per perch	Estimated price per Square feet	540,000 - 560,000	1,500 - 3,000	Positively correlated sensitivity
No.35/13, Distillery Road, Seeduwa.	10,855	-	-	0A - 0R - 16.7P	-	Estimated price per perch	-	625,000 - 675,000	-	Positively correlated sensitivity
No.35/13B, Distillery Road, Seeduwa.	10,020	-	-	0A - 0R - 16.7P	-	Estimated price per perch	-	575,000 - 625,000	-	Positively correlated sensitivity
No.37/8A, Distillery Road, Seeduwa.	9,604	-	-	0A - 0R - 13.25P	-	Estimated price per perch	-	700,000 - 750,000	-	Positively correlated sensitivity
No.37/20A, Distillery Road, Seeduwa.	5,200	-	-	0A - 0R - 8P	-	Estimated price per perch	-	640,000 - 660,000	-	Positively correlated sensitivity
Hatton - Norwood Road,Dickoya	-	115,935	4	-	18,286	-	Estimated price per Square feet	-	5,500 - 7,500	Positively correlated sensitivity
1st Lane, New Nuge Road, Peliyagoda.	-	55,300	4	-	15,406	-	Estimated price per Square feet	-	2,000 - 4,000	Positively correlated sensitivity

Texpro Industries Limited

A valuation of freehold Land and Building of the Company was carried out by incorporated valuer Mr. S. Sivaskantha, F.I.V (Sri Lanka) by using "Market Comparable" method as at 31st March 2022 and incorporated in the financial statements of the company. Market comparable method considers the selling price of a similar property within a reasonable period of time in determining the fair value of the property revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustment for differences in size, nature, location and condition of the specific property. In this process, outlier transaction, indicative of particularly motivated buyers or sellers are compensated for, since the price may not adequately reflect the fair market value.

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs Per perch Persq.ft		Sensitivityof fair value to unobservable inputs
	Land	Buildings			Sq.Ft	Land	Buildings	Land (Rs.)	Buildings (Rs.)	
Avissawella Road, Embulgama, Ranala	434,250	313,108	16	6A-0R-6.05P	106,733	Estimated price per perch	Depreciated construction cost	450,000	1,730-6,000	Positively correlated sensitivity

Melstacorp PLC

Free hold Land and Building of the company were revalued by Mr. S. Sivaskantha, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2022 on "Market Comparable" and incorporated in the financial statements of the Company. The surplus on revaluation credited to revaluation reserve while loss has been charged to Profit and Loss in the consolidated financial statements. As these assets are leased out among subsidiaries, the Company has classified these properties as investment properties.

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs Per perch Persq.ft		Sensitivityof fair value to unobservable inputs
	Land	Buildings			Sq.Ft	Land	Buildings	Land (Rs.)	Buildings (Rs.)	
No 140/1, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	12,800	-	-	0A-0R-19.75P		Estimated price per perch	-	750,000-850,000	-	Positively correlated sensitivity
No 136, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	157,300	-	-	1A-1R-24.72P		Estimated price per perch	-	825,000-925,000	-	Positively correlated sensitivity
No 16 & 18, Bandarawatta Road, Seeduwa.	96,900	-	-	0A-2R-22P		Estimated price per perch	-	900,000-1,000,000	-	Positively correlated sensitivity
Residential Premises at Medagama Road, Welikamulla, Badulla	18,210	2,090	1	0A-3R-37.20P	1522 sq.ft	Estimated price per perch	Depreciated construction cost	130,000-150,000	3750-4000	Positively correlated sensitivity

Notes to the Financial Statements

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs		Sensitivityof fair value to unobservable inputs
	Land	Buildings			Sq.Ft	Land	Buildings	Per perch Land (Rs.)	Persq.ft Buildings (Rs.)	
Industrial Premises at Seed Station Road, Nawalayathanna, Katugastota	26,885	53,315	8	0A-2R-27.54P	13214.5 sq.ft	Estimated price per perch	Depreciated construction cost	325,000-425,000	4250-6750	Positively correlated sensitivity
Industrial Premises at Seed Station Road, Nawalayathanna, Katugastota	184,336	146,364	8	4A-3R-44.16P	34050 sq.ft	Estimated price per perch	Depreciated construction cost	325,000-425,000	3250-6750	Positively correlated sensitivity
Commercial premises at dambulla road, Muththetugala, Kurunegala.	87,200	36,400	2	0A-2R-29P	10122.5 sq.ft	Estimated price per perch	Depreciated construction cost	1,000,000-1,250,000	2000-6250	Positively correlated sensitivity
No 165, Harichandra Mawatha, Anuradhapura.	76,329	58,771	3	0A-3R-21.35P	11301 sq.ft	Estimated price per perch	Depreciated construction cost	600,000-675,000	4000-6500	Positively correlated sensitivity
No 152, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	33,558	96,443	2	1R-3.3P	18920 sq.ft	Estimated price per perch	Depreciated construction cost	800,000-900,000	4000-6750	Positively correlated sensitivity
No 152/2, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	7,000	10,500	1	10P	1975 sq.ft	Estimated price per perch	Depreciated construction cost	800,000-900,000	4750-6250	Positively correlated sensitivity
No 59, Distilleries Road, Bandarawatta, Seeduwa.	21,645	2,955	1	24.05P	980 sq.ft	Estimated price per perch	Depreciated construction cost	825,000-925,000	4750-5500	Positively correlated sensitivity
No 61 & 61/1 Distilleries Road, Bandarawatta, Seeduwa.	11,350	10,150	1	12.27P	1910 sq.ft	Estimated price per perch	Depreciated construction cost	825,000-925,000	4750-6250	Positively correlated sensitivity
No 150/1 & 150/1A, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	28,125	7,175	2	37.5P	1625 sq.ft	Estimated price per perch	Depreciated construction cost	800,000-900,000	4250-5500	Positively correlated sensitivity
No 150, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	15,000	12,600	2	18.75P	2771 sq.ft	Estimated price per perch	Depreciated construction cost	800,000-900,000	5000-5500	Positively correlated sensitivity

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs		Sensitivityof fair value to unobservable inputs
								Per perch	Persq.ft	
	Land	Buildings			Sq.Ft	Land	Buildings	Land (Rs.)	Buildings (Rs.)	
No 144, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	18,280	5,513	1	0A – 0R –22.85P	1470 sq.ft	Estimated price per perch	Depreciated construction cost	750,000-850,000	4750-6250	Positively correlated sensitivity
Factory Premises at Habarakada Road, Nawagamuwa, Ranala, Kaduwela.	208,000	171,100	1	10A-0R-0P	56530 sq.ft	Estimated price per perch	Depreciated construction cost	200,000-275,000	4750-6750	Positively correlated sensitivity
No 68 & 68A, Attidiya Road, Ratmalana.	244,660	133,340	3	1A-0R-28.2P	30113 sq.ft	Estimated price per perch	Depreciated construction cost	1,400,000-1,700,000	3250-6500	Positively correlated sensitivity
No 459, Wackwella Road, Kalegana, Galle.	61,600	30,500	4	0A-1R-37P	8129 sq.ft	Estimated price per perch	Depreciated construction cost	825,000-900,000	500-6500	Positively correlated sensitivity
Industrial Premises at Galle Road, Beruwala.	267,647	118,853	8	2A-1R-19.08P	15279.5 sq.ft	Estimated price per perch	Depreciated construction cost	1,350,000-1,700,000	4250-13500	Positively correlated sensitivity
No 823 & 823/1-4 Srimavo Bandaranayake Mawatha, Colombo 14.	935,250	230,150	6	2A-1R-14.10P	86500 sq.ft	Estimated price per perch	Depreciated construction cost	2,750,000-3,250,000	2250-6000	Positively correlated sensitivity
No 161, 161A & 161B, Tangalle Road, Ambalantota.	37,213	30,787	6	0A-1R-24.16P	7657 sq.ft	Estimated price per perch	Depreciated construction cost	900,000-1,000,000	3500-6000	Positively correlated sensitivity
Gampaha Road, Udugampola	131,302	69,417	2	1A-3R-35.35P	18,124 sq.ft	Estimated price per perch	Depreciated construction cost	300,000-400,000	6,000-12,100	Positively correlated sensitivity

Notes to the Financial Statements

Melsta Properties (Pvt) Ltd

Free hold Land and Building of the company were revalued by Mr. S. Sivaskantha, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2022 on "Market Comparable" and incorporated in the financial statements of the company. The surplus on revaluation credited to revaluation reserve while loss been charged to Profit and Loss.

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs		Sensitivity of fair value to unobservable inputs
								Per perch	Per sq.ft	
	Land	Buildings			Sq.Ft	Land	Buildings	Land (Rs.)	Buildings (Rs.)	
No 110, Norris Canel Road, Colombo 10.	2,469,420	136,125	2	1A-1R-15.20P	30,000 sq.ft	Estimated price per perch	Depreciated replacement cost	14,500,000-15,750,000	6000-8500	Positively correlated sensitivity
No 133, Temple Road, Deshashtra, Kaluthara	218,849	134,643	21	04A - 00R –33.38P	60,810 sq.ft	Estimated price per perch	Depreciated replacement cost	350,000-525,000	1850-7000	Positively correlated sensitivity
No 69/1, Rajapaksha Broadway, Negombo	171,875	35,589	3	0A – 1R – 28.75P	8,576 sq.ft	Estimated price per perch	Depreciated replacement cost	2,800,000-3,000,000	5000-6250	Positively correlated sensitivity
No 68/1, Saravanai Road, Batticola.	158,845	32,790	3	3A – 0R – 11.04P	8,542.5 sq.ft	Estimated price per perch	Depreciated replacement cost	450,000-550,000	4,500-5,000	Positively correlated sensitivity
No 87, Station Road, Vavunia	126,794	58,535	5	0A – 3R – 33.69P	12,300 sq.ft	Estimated price per perch	Depreciated replacement cost	1,125,000-1,400,000	2500-5000	Positively correlated sensitivity
No 41, Old Ferry Road, Deshashtra, Kaluthara	74,559	40,185	11	01A – 1R – 04.27P	22,686 sq.ft	Estimated price per perch	Depreciated replacement cost	425,000-600,000	1500-7000	Positively correlated sensitivity
No 156,Orr's Hill Road, Trincomalee.	51,928	21,867	4	0A – 1R –38.68P	5,168.25 sq.ft	Estimated price per perch	Depreciated replacement cost	550,000-675,000	3800-6750	Positively correlated sensitivity
No 215/9, Jayamalapura, Nawalapitiya, Gampola.	88,928	36,644	4	0A - 3R-38.8P	7737 sq.ft	Estimated price per perch	Depreciated replacement cost	725,000-850,000	4750- 6250	Positively correlated sensitivity
No 118,120, Kunupallela Road, Badulla.	84,208	21,383	10	0A - 2R - 08.67P	9,950 sq.ft	Estimated price per perch	Depreciated replacement cost	1350,000-1450,000	1500-6250	Positively correlated sensitivity
Dummalakotuva, Kurunegala Road, Dankotuva.	73,630	4,089	3	02A - 02R –05.0P	8,083.5 sq.ft	Estimated price per perch	Depreciated replacement cost	250,000-300,000	400-3750	Positively correlated sensitivity
Teak Store Warehouse, Palathota, Kaluthara South.	38,560	17,602	12	01A 0R 32.8P	15,551 sq.ft	Estimated price per perch	Depreciated replacement cost	175,000-350,000	3250-7000	Positively correlated sensitivity
Mirishena Warehouse, Ethanamadala Road, Kaluthara North.	55,419	16,520	10	01A - 02R –23.90P	10,335 sq.ft	Estimated price per perch	Depreciated replacement cost	275,000-350,000	3250-7000	Positively correlated sensitivity
No 7/11, Kandy Road, Kaithadi.	41,463		-	2A - 0R - 11.70P	-	Estimated price per perch	-	375,000-425,000	-	Positively correlated sensitivity

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs		Sensitivity of fair value to unobservable inputs
	Land	Buildings			Sq.Ft	Land	Buildings	Per perch Land (Rs.)	Per sq.ft Buildings (Rs.)	
No 150, Coastal Road, Thalwila, Marawila.	35,200	-	-	02A - 00R –00.0P	-	Estimated price per perch	-	175,000-250,000	-	Positively correlated sensitivity
No 669, Beach Road, Gurunagar, Jaffna.	32,035	-	-	1A – 0R – 21.67P	-	Estimated price per perch	-	250,000-550,000	-	Positively correlated sensitivity
No 125, Norwood Road, Dickoya.	18,144	-	-	0A - 3R-9.60P	-	Estimated price per perch	-	165,000-200,000	-	Positively correlated sensitivity

Browns Beach Hotel PLC

Free hold land of the of the company was revalued by Mr. K.C.B Condegama (A.I.V. Sri Lanka) an independent professional valuer on 31st March 2022 on "Current Fair Value Market Value" as at the 31st March 2022 has been credited to the revaluation reserve.

Location	Land Extent	Building Area sq.ft	No of Buildings	Revalued Amount Rs.000
No. 175 Lewis Place, Negombo	1027.73P	43,422.40	4	1,100,000

Melsta Hospitals Ragama (Pvt) Ltd

Thee fair value of the land and buildings were determined by an external independent properly value, having appropriate recognized professional qualifications and experience in the category of the property being valued. The valuer has used the cost approach where the current construction cost of similar properties have been considered in determining the fair values as at 31st March 2022.

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs		Sensitivity of fair value to unobservable inputs
	Land	Buildings			Sq.Ft	Land	Buildings	Per perch Land (Rs.)	Per sq.ft Buildings (Rs.)	
Land & Building - At Mahabage Road, Ragama	469,050	936,700	1	A0-R3-P36.35	56,514 Sq Ft	Estimated price per perch	Depreciated replacement cost	3,000,000	19,500	Positively correlated sensitivity

Notes to the Financial Statements

Madulsima Plantations PLC

The fair value of the buildings were determined as at 31st December 2020 by an external independent property valuer, having appropriate recognized professional qualifications and experience in the category of the property being valued. The valuer has used the cost approach where the current construction cost of a similar properties have been considered in determining the fair values. The directors of the company are of the view that carrying amounts of those lands and buildings as at 31st March 2022 have not changed significantly compared to their fair value as at 31st December 2020.

Location (Region)	Estate	Revalued Amount	No of Buildings	Significant Unobservable Inputs	Range of Estimates for unobservable inputs (Estimated Price per Sq. Ft.)	Sensitivity of fair value to unobservable inputs
		(Rs.)		Buildings	(Rs.)	
Madulsima	Battawatte	50,669,373	552	Estimated Replacement cost per Sq.Ft.	850-3500	Positively correlated sensitivity
Metigahatenne	Cocogalla	49,419,438	303	Estimated Replacement cost per Sq.Ft.	850-4500	Positively correlated sensitivity
Madulsima	Galloola	40,692,764	260	Estimated Replacement cost per Sq.Ft.	500-4500	Positively correlated sensitivity
Madulsima	Mahadowa	84,413,345	737	Estimated Replacement cost per Sq.Ft.	800-3000	Positively correlated sensitivity
Madulsima	Uvakellie	12,144,942	303	Estimated Replacement cost per Sq.Ft.	850-2850	Positively correlated sensitivity
Madulsima	Verellapatna	71,839,795	438	Estimated Replacement cost per Sq.Ft.	850-3250	Positively correlated sensitivity
Passara	El Teb	72,475,733	1030	Estimated Replacement cost per Sq.Ft.	1200-3500	Positively correlated sensitivity
Pitamaruawa	Roeberry	76,127,258	918	Estimated Replacement cost per Sq.Ft.	1200-3000	Positively correlated sensitivity
Bogawantalawa	Kew	52,044,665	613	Estimated Replacement cost per Sq.Ft.	1800-4000	Positively correlated sensitivity
Bogawantalawa	Kirkoswald	132,483,547	1182	Estimated Replacement cost per Sq.Ft.	500-4000	Positively correlated sensitivity
Bogawantalawa	Theresia	51,740,490	639	Estimated Replacement cost per Sq.Ft.	850-3500	Positively correlated sensitivity
Norwood	Venture	77,131,361	572	Estimated Replacement cost per Sq.Ft.	750-3750	Positively correlated sensitivity
Badulla	Head Office	6,361,215	2	Estimated Replacement cost per Sq.Ft.	1820-1840	Positively correlated sensitivity

Balangoda Plantations PLC

Buildings of the Company are stated based on a valuation performed by Mr.W.M Chandrasena, R I C S (Sri Lanka) an external, independent Chartered Valuer, as at 31 December 2020 by using Depreciation Replacement Cost method.The details of which are as follows. The directors of the company are of the view that carrying amounts of those lands and buildings as at 31st March 2022 have not changed significantly compared to their fair value as at 31st December 2020.

Region	Estate	Location	Revalued Amount Rs.	No of Buildings	Extent Building (Sq. Ft)	Significant Unobservable Inputs	Range of estimates for unobservable inputs	Sensitivity of fair value to unobservable inputs
Rathnapura	Galatura	Galatura Estate, Kiriella	39,058,144.00	25	46,592	Estimated replacement cost of a Sq., Ft. adjusted for wear and tear	Rs.700-8,000	Positively correlated sensitivity
Rathnapura	Mahawela	Mahawela Estate, Ratnapura	74,477,382.00	43	89,433	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.500-7000	Positively correlated sensitivity
Rathnapura	Mutwagalla	Mutwagalla Estate, Kiriella	31,203,476.00	32	43,819	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700-4000	Positively correlated sensitivity
Rathnapura	Millawitiya	Millawitiya Estate, Ratnapura	12,277,213.00	14	16,686	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.600-2700	Positively correlated sensitivity
Rathnapura	Palmgarden	Palmgarden Estate, Ratnapura	114,498,926.00	46	147,912	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700- 3,000	Positively correlated sensitivity
Rathnapura	Rambukkande	Rambukkande Estate, Ratnapura	43,260,777.00	27	44,096	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.850-7,500	Positively correlated sensitivity
Balangoda	Balangoda	Balangoda Estate, Balangoda	75,999,307.00	48	102,313	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	RS.1,000-3,500	Positively correlated sensitivity
Balangoda	Cecilton	Cecilton Estate, Balangoda	58,993,489.00	24	67,151	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.750-3,250	Positively correlated sensitivity
Balangoda	Meddakande	Meddakande Estate, Balangoda	56,816,688.00	37	79,985	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	RS.700-3,000	Positively correlated sensitivity
Balangoda	Non Pareil	Non Pareil Estate, Belihuloya	53,368,557.00	35	67,082	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.750-4,500	Positively correlated sensitivity
Balangoda	Pettiagalla	Pettiagalla Estate, Balangoda	43,744,195.00	22	52,145	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,000-3,250	Positively correlated sensitivity
Balangoda	Rasagalla	Rasagalla Estate , Balangoda	79,003,520.00	45	100,200	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.750-3,000	Positively correlated sensitivity
Balangoda	Rye/Wikilliya	Rye/Wikiliya Estate, Balangoda	24,861,485.00	27	40,004	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,000-3,000	Positively correlated sensitivity
Balangoda	Walaboda	Walaboda Estate, Balangoda	9,292,262.00	10	12,309	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,000-3,500	Positively correlated sensitivity
Badulla	Cullen	Cullen Estate, Badulla	16,517,553.00	22	24,480	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.600-4,500	Positively correlated sensitivity
Badulla	Gowerakelle	Gowerakelle Estate, Badulla	14,140,849.00	20	27,709	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,500-2,500	Positively correlated sensitivity
Badulla	Glen Alpin	Glen Alpin Estate, Badulla	102,322,529.00	61	129,968	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.600-3,000	Positively correlated sensitivity
Badulla	Spring Valley	Spring Valley Estate, Badulla	146,662,764.00	76	193,989	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.500-3,500	Positively correlated sensitivity
Badulla	Telbedde	Telbedde Estate, Badulla	106,482,778.00	80	151,870	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700-3,000	Positively correlated sensitivity
Badulla	Ury	Ury Estate, Badulla	105,888,570.00	52	136,174	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700-3,500	Positively correlated sensitivity
Badulla	Wewesse	Wewesse Estate, Badulla	69,141,995.00	43	91,390	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.500-3,200	Positively correlated sensitivity

Aitken Spence PLC

Name of the Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs)	Extent	Carrying amount as at 31.03.2022 Rs.'000	Revaluation surplus Rs.'000	Carrying amount had it been measured at cost Rs.'000
Aitken Spence PLC (a)	315, Vauxhall Street, Colombo 02	30.09.2017	8,500,000	1 A 0 R 12.78 P	1,468,630	1,467,473	1,157
	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2017	3,975,977	1 A 0 R 20.37 P	717,147	712,156	4,991
	170, Sri Wickrema Mw., Colombo 15	30.09.2017	1,058,376	3 A 3 R 31.00 P	625,500	582,539	42,961
	Moragalla, Beruwala	30.09.2017	425,143	10 A 1 R 22.97 P	707,000	706,046	954
	290/1, Inner Harbour Road, Trincomalee	30.09.2017	422,692	0 A 1 R 4.95 P	19,000	19,000	-
Ace Containers (Pvt) Ltd (a)	775/5, Negombo Road, Wattala	30.09.2017	500,141	22 A 0 R 23.88 P	1,772,440	1,677,887	94,553
	385, Colombo Road, Welisara	30.09.2017	499,919	8 A 3 R 12.23 P	706,000	619,327	86,673
	No.377, Negombo Road, Welisara, Ragama	30.09.2017	449,954	1 A 1 R 17.80 P	98,000	10,935	87,065
Ace Distriparks (Pvt) Ltd (a)	80, Negombo Road, Wattala	30.09.2017	1,500,012	2 A 2 R 17.03 P	625,550	255,988	369,562
Ahungalla Resorts Ltd (a) *	"Ahungalla Resorts", Galle Road, Ahungalla	30.09.2017	454,243	12 A 3 R 35.21 P	942,650	42,773	899,877
Aitken Spence (Garments) Ltd (a)	222, Agalawatte Road, Matugama	30.09.2017	80,000	2 A 3 R 0 P	35,200	30,040	5,160
Aitken Spence Hotel Holdings PLC (a) *	"Heritance Ahungalla", Galle Road, Ahungalla	30.09.2017	363,424	11 A 3 R 34.02 P	695,600	677,398	18,202
	"Heritance Ahungalla", Galle Road, Ahungalla	30.09.2017	374,427	0 A 0 R 39.26 P	14,700	9,493	5,207
Aitken Spence Hotel Managements (South India) Ltd (b)	144/7, Rajiv Gandhi Salai, Kottivakkam, OMR, Chennai, India	01.06.2018	9,589,389	0 A 3 R 15.14 P	1,295,910	472,819	823,091
Aitken Spence Property Developments Ltd (a)	90, St.Rita's Estate, Mawaramandiya	30.09.2017	250,000	3 A 0 R 25.08 P	126,270	101,842	24,428
Aitken Spence Resorts (Middle East) LLC (c)	Al Hamriya, Sultanate of Oman	15.02.2022	7,319,625	5 A 0 R 8.00 P	5,914,257	785,966	5,128,291
Branford Hydropower (Pvt) Ltd (a)	225, Gangabada Road, Kaludawela, Matale	30.09.2017	55,000	2 A 0 R 14.00 P	18,370	7,837	10,533
Clark Spence and Company (Pvt) Ltd (a)	24-24/1, Church Street, Galle	30.09.2017	2,750,000	0 A 1 R 27.90 P	186,725	186,690	35
Heritance (Pvt) Ltd (a) *	Moragalla, Beruwala	30.09.2017	349,860	5 A 3 R 6.80 P	324,250	313,170	11,080
Kandalama Hotels Ltd (a) *	Kandalama, Dambulla	30.09.2017	343	169 A 2 R 21.40 P	9,300	1,916	7,384

Name of the Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs)	Extent	Carrying amount as at 31.03.2022	Revaluation surplus	Carrying amount had it been measured at cost
					Rs.'000	Rs.'000	Rs.'000
Logilink (Pvt) Ltd (a)	309/4 a, Negombo Road, Welisara	30.09.2017	450,000	2 A 1 R 9.50 P	166,275	83,784	82,491
Meeraladuwa (Pvt) Ltd (a) *	Meeraladuwa Island, Balapitiya	30.09.2017	45,891	29 A 2 R 9.00 P	217,020	116,758	100,262
Neptune Ayurvedic Village (Pvt) Ltd (a) *	Ayurvedic village - Moragalla, Beruwala	30.09.2017	233,161	0 A 0 R 19.30 P	4,500	437	4,063
Perumbalam Resorts (Pvt) Ltd (d)	Cochin - Kerala, India	22.01.2022	169,787	4 A 0 R 9.00 P	110,192	96,852	13,340
PR Holiday Homes (Pvt) Ltd (d)	Cochin - Kerala, India	23.01.2022	166,929	14 A 0 R 7.52 P	375,177	188,668	186,509
Turyaa (Pvt) Ltd (a) *	418, Parallel Road, Kudawaskaduwa, Kalutara	30.09.2017	437,590	5 A 1R 37.90 P	384,160	364,395	19,765
	49, Sea Beach Road, Kalutara	30.09.2017	327,076	0 A 1R 30.32 P	23,000	21,512	1,488
Turyaa Resorts (Pvt) Ltd (a) *	Kudawaskaduwa, Kalutara	30.09.2017	480,000	1 A 3 R 33.20 P	150,336	93,557	56,779
	Kudawaskaduwa, Kalutara	30.09.2017	269,179	0 A 1 R 34.30 P	20,000	10,826	9,174
Vauxhall Investments Ltd (a)	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2017	3,975,982	0 A 1 R 21.08 P	242,853	221,014	21,839
Vauxhall Property Developments Ltd (a)	305, Vauxhall Street, Colombo 02	30.09.2017	8,581,944	0 A 2 R 23.73 P	890,205	875,474	14,731
					18,886,217	10,754,572	8,131,645

The above lands have been revalued on the basis of current market value by independent, qualified valuers who have recent experience in the location and category of property being valued.

(a) Valuation of the land was carried out by Mr. K.C.B Condegama, A.I.V (Sri Lanka)

(b) Valuation of the lands in India was carried out by CBRE South Asia Pvt Ltd., India.

(c) Valuation of the land was carried out by R. Tulsian, Oman.

(d) Valuation of the lands in India was carried out by Mr. T.T. Kripananda Singh, B.S.C.(Engg.) Civil, MICA, FIE, FIV, C.(Engg.) of Messers N. Raj Kumar and Associates, India.

* All Land purchased by the Group prior to fives yeas were last revalued as indicated above. Considering the impact of the COVID-19 outbreak in Sri Lanka, Group carried a reassessment of the stated values of the hotel land in Sri Lanka by an external independent valuer, Mr. K.C.B. Condegama, A.I.V (Sri Lanka). Based on this assessment, it was identified that there were no significant changes to the revalued carrying values of these land as at 31 March 2022.

Notes to the Financial Statements

15.3 Gross carrying value of fully depreciated assets

The cost of the fully depreciated assets of the Group and the Company amounts to Rs.25,696Mn. (Rs.22,158Mn-2020/21) and Rs.9.7Mn (Rs.4.7Mn-2020/21) respectively as at reporting date.

15.4 Property plant and equipment that have been pledged

The property plant and equipment that are pledged for long term borrowings are disclosed in Note 43 to these financial statements.

15.5 Land carried at cost (fair value)

Company	Location	Acquisition date	Extent	Carrying amount as at 31.03.2022 Rs.'000
Aitken Spence Property Developments Ltd	St.Rita's Estate, Mawaramandiya	15.11.2018	1 A 0 R 0.00 P	54,239

Above lands acquired within the last five years have not been revalued since the acquisition cost represents the fair value.

15.6 Borrowing cost - capitalized

Borrowing cost capitalized during the year is disclosed in Note 31 to these financial statements.

16 Intangible assets

For the year ended 31March,		Group 2022						2021
		License fees	FLAG cable	Software cost and implementation	Goodwill on acquisition (Note 16.3)	Other	Total	Total
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs. '000
Cost								
Balance at the beginning of the year		1,325,264	2,797,761	736,688	6,073,572	25,126	10,958,411	10,807,809
Exchange difference		-	-	67,431	243,818	7,109	318,358	35,492
Additions during the year		-	-	76,169	-	291	76,460	10,996
Other Transfers/Adjustments		-	-	-	-	-	-	104,114
Transfers from property, plant and equipment		-	-	2,900	-	-	2,900	-
Disposals		-	-	(403)	-	-	(403)	
Balance at the end of the year		**1,325,264**	**2,797,761**	**882,785**	**6,317,390**	**32,526**	**11,355,726**	**10,958,411**
Accumulated amortisation and impairment								
Balance at the beginning of the year		984,831	2,362,633	601,036	645,200	22,265	4,615,965	4,259,077
Exchange difference		-	-	48,902	-	7,041	55,943	6,635
Amortized during the year		102,929	186,517	60,616	-	1,804	351,866	349,931
Impaired durring the year	16.3.2	-	-	-	352,640	-	352,640	
Other Transfers		-	-	-	-	-	-	322
Transfers from property, plant and equipment		-	-	1,136	-	-	1,136	-
Disposals		-	-	(403)	-	-	(403)	-
Balance at the end of the year		**1,087,760**	**2,549,150**	**711,287**	**997,840**	**31,110**	**5,377,147**	**4,615,965**
Carrying value								
As at beginning of the year		340,433	435,128	135,652	5,428,372	2,861	6,342,446	6,548,732
As at end of the year		**237,504**	**248,611**	**171,498**	**5,319,550**	**1,416**	**5,978,579**	**6,342,446**

Notes to the Financial Statements

For the year ended 31March,	Company		
	2022		2021
	Software cost and implementation	Total	Total
	Rs.'000	Rs.'000	Rs.'000
Cost			
Balance at the beginning of the year	5,786	5,786	5,461
Additions during the year	572	572	325
Balance at the end of the year	6,358	6,358	5,786
Accumulated amortisation			
Balance at the beginning of the year	4,011	4,011	2,379
Amortised during the year	1,761	1,761	1,632
Balance at the end of the year	5,772	5,772	4,011
Carrying value			
As at beginning of the year	1,775	1,775	3,082
As at end of the year	586	586	1,775

16.1 License fees

(i) License fee represents the operator license fee of Rs. 408 million paid as a renewal of operating licence fee and it is amortised over 10 years commencing from 1st March 2016.

(ii) The external gateway license fee of Rs. 102 million is amortised over a period of 10 years, commencing from 28th February 2013.

(iii)The Wi-Max 2365-2380 MHz license fee of Rs. 510.2 million was paid in 2011/12 and 2012/13 and operations commenced on 1st July 2013.

16.2 FLAG cable

FLAG cable represents the expenditure incurred on under sea fibber optic cable link and the landing station , which enables the Company to offer direct global connectivity and a complete end-to-end data connectivity solution. The total expenditure is amortized over the license period of 15 years on a straight line basis from August 2008.

16.3 Goodwill on Aquistion

The Goodwill on acquisition represents following amounts

As at 31 March,		Group	
		2022	2021
	Note	Rs.'000	Rs.'000
Diversified Sector	16.3.1.1	5,247,688	5,003,870
Healthcare sector	16.3.1.2	-	352,640
Plantation sector	16.3.1.3	71,862	71,862
		5,319,550	5,428,372

16.3.1 The Group has assessed the goodwill on acquisition for impairment in accordance with LKAS 36 - "Impairment of Assets" and has recorgnized a provision for impairment of Rs. 352Mn as at 31st March 2022.

In assessing the impairment, the Group identified the components related to the Goodwill as separate cash generating units. The recoverable value of these CGUs have been calculated as follows,

16.3.1.1 Diversified Sector

The recoverable amount of the components in diversified sector was determined with reference to its fair value less cost to sell. In determining the fair value less cost to sell, the Group has considered a combination of valuation techniques which considers the net assets values of companies within the diversified sector and market-based sector multiples of the companies operated in each sector. Key assumptions used in the calculation of the fair value less cost to sell are,

- The Group does not have any commitments that would require considerable time to be fulfilled over disposal of the sector prior to a possible disposal

- Costs of obtaining approvals are not material.

- Non - Marketability adjustment for non-listed components within the range of 10% - 25%

Fair value measurement under this method could be classified as a level 3 valuation.

16.3.1.2 Healthcare Sector

Consequent to the Group's assessment of impairment on Goodwill on Consolidation, a full provision of impairment was recognized for the Goodwill of Healthcare Sector. The recoverable value of this CGU was determined with reference to its Fair Value less cost to sell measured using the net assets value of the sub-group. Fair Value determined under this approach could be clarified as a Level-3 Fair Value measurement. In estimating the recoverable value of the Group assumed that costs related to realization of the recoverable value as immaterial.

16.3.1.3 Plantation sector

Recoverable value of plantation sector has been determined based on fair value less cost to sell calculation that considers the market values of these companies adjusted appropriately to reflect the conditions applicable to the cash generating unit. Fair value estimated under this method could be classified as a Level 3 fair value measurement. Following key assumptions were used in the estimation.

Contol premium 10% - 15%

Costs related to sale of the investment is not material.
Regulatory approvals will be granted for the transaction.

The applicable control premium has been determined based on comparable historical transactions.

Notes to the Financial Statements

17 Investment Property

For the year ended 31March,	Group				
	Land	Buildings	Capital WIP	Total	
				2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Valuation					
Balance at the beginning of the year	6,011,098	644,804	13,803	6,669,705	6,144,065
Additions during the year	161,629	88,601	-	250,230	-
Change in fair value for the year	332,351	116,916	-	449,267	525,640
Transfers from property, plant and equipment	-	104,212	-	104,212	-
Balance at the end of the year	**6,505,078**	**954,533**	**13,803**	**7,473,414**	**6,669,705**

For the year ended 31March,	Company			
	Land	Buildings	Total	
			2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Valuation				
Balance at the beginning of the year	4,408,014	1,054,662	5,462,676	5,100,172
Additions	292,300	158,018	450,318	-
Change in fair value for the year	434,286	238,881	673,167	362,504
Balance at the end of the year	**5,134,600**	**1,451,561**	**6,586,161**	**5,462,676**

17.1 Revaluation of Investment Properties

17.1.1 Valuation details

Melstacorp PLC

A valuation of investment properties of Mesltacorp PLC was carried out by independent valuer Mr.Sivaskantha F.I.V (Sri Lanka) by using "Contractor's Principle Method" and incorporated in the financial statements of the Group as at 31st March 2022.

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs		Sensitivity of fair value to unobservable inputs
								Per perch	Per Sq.ft	
	Land	Buildings			Sq.Ft	Land	Buildings	Land (Rs.)	Buildings (Rs.)	
No 451, Galle Road, Kollupitiya, Colombo 03	560,450	-	-	0A-0R-20.38P	-	Estimated price per perch		27,000,000-30,000,000		Positively correlated sensitivity

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs Per perch	Per Sq.ft	Sensitivity of fair value to unobservable inputs
	Land	Buildings			Sq.Ft	Land	Buildings	Land (Rs.)	Buildings (Rs.)	
No 146 & 146/1, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa	27,308	10,193	1	0A-0R-31.41P	1,975	Estimated price per perch		800,000-900,000	4,000-6,250	Positively correlated sensitivity
No 63, Norris Canal Road, Maradana, Colombo 10.	214,005	17,595	2	25.94P	5,642	Estimated price per perch		9,000,000-9,500,000	600-6250	Positively correlated sensitivity
No 04, Alfred house garden,Colombo 3 (Geethanjali Place)	497,500	80,500	1	0A-0R-19.9P	12,768	Estimated price per perch	Depreciated construction cost	25,000,000-28,000,000	8750-10500	Positively correlated sensitivity
No.453, Galle Road, Colombo 03.	993,750	28,250	1	39.75P	9,652	Estimated price per perch	Depreciated construction cost	27,000,000-30,000,000	5500-6500	Positively correlated sensitivity
No.20, Bandarawatta Road, Seeduwa.	160,998	88,601	2	0A-1R-38P	17,332	Estimated price per perch	Depreciated construction cost	1,500,000-2,000,000	5500-6500	Positively correlated sensitivity

Aitken Spence PLC

The open market value of the below property was determined based on directors' valuation as at 31st March 2022.

Location	Significant Unobservable Inputs	Extent	Original Cost Rs.000	Revalued Amount Rs.000
Irakkakandi Village, VC Road, Nilaweli	Rs.75,000/- to Rs.250,000/-	113A-1R-1P	1,631,904	2,568,000

Melsta Tower (Pvt) Ltd

Free hold Lands and Buildings classified as investment properties of this subsidiary were revalued by Mr.S.Sivaskantha, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2022 on "contractor's Principle Basis".

Location	Revalued Amount Rs.000		No of Buildings	Land Extent	Building Area	Significant Unobservable Inputs		Range of estimates for unobservable inputs Per perch	Per Sq.ft	Sensitivity of fair value to unobservable inputs
	Land	Buildings			Sq.Ft	Land	Buildings	Land (Rs.)	Buildings (Rs.)	
No 136, Vipulasena Mw,Colombo 10.	872,813		-	0A-0R-38.75P	-	Estimated price per perch	-	7,250,000-8,500,000	-	Positively correlated sensitivity
No 140/1, Vipulasena Mw,Colombo 10.	112,235		-	0A-0R-15.27P	-	Estimated price per perch	-	7,250,000-8,500,000	-	Positively correlated sensitivity
No 128, Vipulasena Mw,Colombo 10.	307,965	11,981	2	0A-1R-1.90P	3255	Estimated price per perch	Depreciated construction cost	7,250,000-8,500,000	5,000-6,250	Positively correlated sensitivity
No 140, Vipulasena Mw,Colombo 10.	160,038	5,184	2	0A-0R-20.65P	1920	Estimated price per perch	Depreciated construction cost	7,250,000-8,500,000	5,000-6,250	Positively correlated sensitivity

Melsta Logistics (Pvt) Ltd

Investment properties of this subsidiary were valued by Mr.Sivaskanthan, A.M.I.V (Sri Lanka) an independent professional valuer on 31st March 2022 on "Market Comparable Method".

Location	Significant Unobservable Inputs	Building Area sq.ft	No of Buildings	Revalued Amount Rs.'000
Seeduwa - workshop and administrative land.	Rs. 5,129/- per sq.ft	52,931.71	8	271,491

Balangoda Plantations PLC

Investment Property of this subsidiary is stated based on a valuation performed by Mr.W.M Chandrasena, R I C S (Sri Lanka) an external, independent Chartered Valuer, as at 31 December 2021 using Depreciation Replacement Cost method. The details of which are as follows;

Region	Estate	Location	Revalued Amount (Rs.)	No of Buildings	Building Area	Significant Unobservable Inputs	Range of estimates for unobservable inputs	Significant Unobservable Inputs
			Buildings	Nos	Sq.Ft.		Buildings	
Rathnapura	Galatura	Tea Factory-Galatura Estate, Kiriella	39,652,040	5	45,060	Estimated replacement cost per Sq.Ft adjusted for wear and tear	2500-3000	Positively correlated sensitivity

Region	Estate	Location	Revalued Amount (Rs.)	No of Buildings	Building Area	Significant Unobservable Inputs	Range of estimates for unobservable inputs	Significant Unobservable Inputs
			Buildings	Nos	Sq.Ft.		Buildings	
Rathnapura	Mutwagalla	Tea Factory- Mutwagalla Estate, Kiriella	42,214,855	8	40,556	Estimated replacement cost per Sq.Ft adjusted for wear and tear	1920-3000	Positively correlated sensitivity
Rathnapura	Millawitiya	Tea Factory- Millawitiya Estate, Ratnapura	36,178,133	4	31,465	Estimated replacement cost per Sq.Ft adjusted for wear and tear	720-3000	Positively correlated sensitivity
Rathnapura	Palmgarden	Restaurant- Palmgarden Estate,Ratnapura	4,707,572		3,363	Estimated replacement cost per Sq.Ft adjusted for wear and tear	3000-3000	Positively correlated sensitivity
Balangoda	Rye/Wikilliya	Tea Factory- Rye/ Wikiliya Estate, Balangoda	147,036,564	19	139,052	Estimated replacement cost per Sq.Ft adjusted for wear and tear	1200-3500	Positively correlated sensitivity
Badulla	Gowerakelle	Tea Factory- Gowerakelle Estate, Badulla	59,091,712	3	37,030	Estimated replacement cost per Sq.Ft adjusted for wear and tear	3000-3600	Positively correlated sensitivity

17.1.2 Sensitivity of assumptions employed in investment property valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the investment property valuation.

Melstacorp PLC

For the year ended 31March,	2022				
		Land		Buildings	
	Increase/ (decrease) in land & building	Sensitivity effect on statement of profit or loss Increase/ (decrease) in results for the year Rs.'000	Sensitivity effect on statement on investment property increase/ (decrease) in results in the assets Rs.'000	Sensitivity effect on statement of profit or loss increase/ (decrease) in results for the year Rs.'000	sensitivity effect on statement on investment property increase/ (decrease) in results in the assets Rs.'000
No 451, Galle Road, Kollupiyiya, Colombo 03	5%	28,023	28,023	-	-
	-5%	(28,023)	(28,023)	-	-
No 146 & 146/1, Munidasa, Kumaratunga Mawatha, Bandarawatta, Seeduwa	5%	1,365	1,365	510	510
	-5%	(1,365)	(1,365)	(510)	(510)
No 63, Norris Canal Road, Maradana, Colombo 10.	5%	10,700	10,700	880	880
	-5%	(10,700)	(10,700)	(880)	(880)
No.04,Alfred House Garden, Colombo 03 (Geethajalie Place)	5%	24,875	24,875	4,025	4,025
	-5%	(24,875)	(24,875)	(4,025)	(4,025)
No.453, Galle Road, Colombo 03. (Green Cabin)	5%	49,688	49,688	1,413	1,413
	-5%	(49,688)	(49,688)	(1,413)	(1,413)
No.20, Bandarawatta Road, Seeduwa.	5%	8,050	8,050	4,430	4,430
	-5%	(8,050)	(8,050)	(4,430)	(4,430)

Melsta Tower (Pvt) Ltd

For the year ended 31March,	2022				
		Land		Buildings	
	Increase/ (decrease) in land & building	Sensitivity effect on statement of profit or loss Increase/ (decrease) in results for the year	Sensitivity effect on statement on investment property increase/ (decrease) in results in the assets	Sensitivity effect on statement of profit or loss increase/ (decrease) in results for the year	sensitivity effect on statement on investment property increase/ (decrease) in results in the assets
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
No.136, Vipulasena Mw, Colombo 10	5%	43,640	43,640		-
	-5%	(43,640)	(43,640)	-	-
No.128, Vipulasena Mw, Colombo 10.	5%	15,398	15,398	602	602
	-5%	(15,398)	(15,398)	(602)	(602)
No.140, Vipulasena Mw, Colombo 10.	5%	8,002	8,002	258	258
	-5%	(8,002)	(8,002)	(258)	(258)
No.140/1, Vipulasena Mw, Colombo 10.	5%	5,610	5,610	-	-
	-5%	(5,610)	(5,610)	-	-

18 Biological assets

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000
Bearer biological assets	18.1	2,859,260	2,817,576
Consumable biological assets	18.2	6,373,610	5,938,521
		9,232,870	8,756,097

18.1 Bearer biological assets

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000
On finance lease (JEDB/SLSPC)	18.1.1	27,368	39,664
Investments after formation of the plantation company/ in new plantation	18.1.2	2,831,892	2,777,912
		2,859,260	2,817,576

18.1.1 On finance lease (JEDB/SLSPC)

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatisation of plantation estates, all immovable assets in these estates under finance leases have been taken into the books retroactive to 18th June 1992. For this purpose, the board decided at its meeting on 8th March, 1995, that these assets be stated at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of those Companies. These assets are taken into the statement of financial position as at 18 June, 1992 and amortisation of immovable leased assets to 31st March 2022 are as follows.

As at 31 March,	Mature Plantations 2022 Rs.'000	Mature Plantations 2021 Rs.'000
Cost		
Balance as at the beginning of the year	417,887	417,887
Balance as at the end of the year	417,887	417,887
Accumulated amortisation		
Balance as at the beginning of the year	378,223	366,898
Amortisation for the year	12,296	11,325
Balance as at the end of the year	390,519	378,223
Carrying amount	**27,368**	**39,664**

Investment in immature and mature plantations at the time of handing over to the Company as at 18 June, 1992 by way of estate leases were shown under this note.

18.1.2 Investment after formation of the plantation Company/in new plantation.

For the year ended 31 March,	Note	Group 2022 Immature Plantations Rs.'000	Group 2022 Mature Plantations Rs.'000	Group 2022 Total Rs.'000	Group 2021 Total Rs.'000
Cost					
Balance as at the beginning of the year		2,244,120	2,068,615	4,312,735	4,149,517
Additions during the year		208,640	40,065	248,705	175,707
Transfers / disposals during the year		(410,095)	370,033	(40,062)	(6,142)
Write-off during the year		(23,532)	(10,564)	(34,096)	(6,347)
Balance as at the end of the year		2,019,133	2,468,149	4,487,282	4,312,735
Accumulated amortization and impairments					
Balance as at the beginning of the year		648,139	886,684	1,534,823	1,383,195
Charge for the year		-	109,356	109,356	92,314
Provision for impairment recognised during the year		14,494	-	14,494	59,318
Write-off during the year		-	(3,283)	(3,283)	(4)
Balance as at the end of the year		662,633	992,757	1,655,390	1,534,823
Carrying amount at the end of the year		**1,356,500**	**1,475,392**	**2,831,892**	**2,777,912**

Investments in bearer plants since the formation of Balangoda Plantations PLC and Madulsima Plantations PLC have been classified as shown above and mainly includes tea and rubber plantations. Bearer plants are stated at cost less accumulated depreciation and impairment in accordance with LKAS 16 – Property, plant and equipment.

The immature plants are classified as mature plants when they are ready for commercial harvesting.

18.1.2.1 Impairment of bearer biological assets

The Group has performed an impairment assessment on immature biological assets and identified that some of immature plantations are non existing and / or untappable. Accordingly, the management has performed a calculation of provision for impairment on such immature fields based on the costs incurred after considering the recoverable amount of untappable trees based on fair value less cost to sell.

18.1.3 Produce on bearer biological assets

For the year ended 31March,	Group 2022 Rs.'000	Group 2021 Rs.'000
Balance as at the beginning of the year	9,701	3,888
Change in fair value less cost to sell	(4,133)	5,813
Balance as at the end of the year	5,568	9,701

The volume of produce growing on bearer plants are measured using the estimated crop of the last harvesting cycle of the year as follows:

Tea – Three days crop (50% of 6 days cycle)

Rubber – One days crop (50% of 2 days cycle)

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea Commissioner's formula for bought leaf and rubber crop is fair valued using RSS prices.

18.2 Consumable biological assets

	Group	
As at 31 March,	**2022**	**2021**
	Rs.'000	**Rs.'000**
Balance as at the beginning of the year	5,938,521	5,564,283
Increase due to development	29,893	10,679
Decrease due to harvest/transfer	(11,414)	-
Gain arising from changes in fair value less cost to sell	416,610	363,559
Balance as at the end of the year	6,373,610	5,938,521

18.2.1 Information about Fair value measurements using significant unobseravble inputs (Level 3)

Balangoda Plantations PLC

The valuation of consumable biological assets was carried by Mr Chadrasena Weerasinghe, an independent Chartered Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31 December 2021 has been prepared based on the physically verified timber statistics provided by the Company. The future cash flows are determined by reference to current timber prices. The fair value measurement for the consumable biological assets has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

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Valuation techniques and significant unobservable inputs

Type Valuation	Technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber older than 4 years.	The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a treeper- tree basis	Timber trees in inter-crop areas and pure crop areas have been identified field-wise and species were identified and harvestable trees were separated, according to their average girth and estimated age.	"The estimated fair value would increase/ (decrease) if; - the estimated timber content were higher/ (lower).
	Expected cash flows are discounted using a riskadjusted discount rate of 15% (2020: 12.5%)	Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.	- the estimated timber prices per cubic meter were higher/(lower).
		Determination of Price of Timber	
		Trees have been valued as per the current timber prices per cubic meter based on the price list of the State Timber Corporation and prices of timber trees sold by the estates and prices of logs sawn timber at the popular timber traders in Sri Lanka.	- the estimated selling related costs were lower/ (higher).
		"In this exercise, following factors have been taken into consideration. a) Cost of obtaining approval of felling. b) Cost of felling and cutting into logs. c) Cost of transportation. d) Sawing cost. e) Cost of sale f) Exclusion of trees located in restricted area specialized in the circular no 2019/01 dated on 6 November 2019 issued by the Ministry of Plantation Industries."	- the estimated maturity age were higher/(lower).
		Accordingly, prices falling within the range of Rs. 150 - 700 per cubic ft. has been considered in the valuation	- the risk-adjusted discount rate were lower/(higher)."
		Risk-adjusted discount rate.	
		"2021 - 15% (Risk Premium 3.5%) 2020 - 12.5% (Risk Premium 3.5%)"	

Madulsima Plantations PLC

The valuation of consumable biological assets was carried by Mr Weerasinghe Chadrasena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31 December 2021 has been prepared based on the physically verified timber statistics provided by the Company. The future cash flows are determined by reference to current timber prices. The fair value measurement of the consumable biological assets have been catergorized as level 3 fair value based on the inputs to the valuation technique used.

Valuation techniques and significant observable inputs

Non-financial assets	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Standing timber older than 4 years	DCF method The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree per-tree basis.	Discounting factor optimum rotation(maturity) volume at rotation price per cu.Ft	15% 25-35 years 25-85 cu.ft Rs.315/- Rs.630/- per Cu.Ft	The higher the discount rate, the lower the fair value Lower the rotation period, the higher the fair value The higher the volume, the higher the fair value The higher the price per cu.ft, the higher the fair value
Young plants (Age less than 4 years)	Cost Techniques The cost techniques consider the cost of creating a comparable plantation, taking in to account the cost of infrastructure, cultivation and preparation, buying and planting young trees with an estimate profit that would apply to this activity.	• Estimated cost of cultivation and preparation per hectare • Estimated cost of buying and planting young plants per hectare	Rs. 250,000 -Rs. 350,000 Rs. 62,000 - Rs. 65,000	The estimated fair value would increase (decrease) if; The estimated cost of infrastructure, cultivation and preparation and buying and planting trees were higher/ (lower).

In determining the fair value, highest and best use of timber, current condition of the trees and expected timber content at harvesting have been considered. Also, the valuers have made reference to market evidence of transaction prices of the each company, and the market prices of timber corporation, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The biological assets of the Group are mainly cultivated in leased lands. When measuring the fair value of the biological assets, it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

The Group is exposed to the following risks relating to its timber plantations.

Regulatory and environmental risks

Balangoda Plantations PLC and Madulsima Plantations PLC are subject to laws and regulations in Sri Lanka. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

Balangoda Plantations PLC and Madulsima Plantations PLC are exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Group's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys. The Group also insures itself against natural disasters such as floods, land slides and hurricanes.

Key assumptions used in the valuation

1. The harvesting is approved by the PMMD and Forest Department based on the forestry development plan
2. The prices adopted are net of expenditure
3. Though the replanting is a condition precedent for harvesting , yet the cost are not taken in to consideration.

18.2.2 Sensitivity analysis

Sensitivity variation sales price

Values as appearing in the statement of financial position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise of decrease by 10% of the estimated future selling price has the following effect on the fair value of consumable biological assets :

Managed timber	-10% Rs.'000	10% Rs.'000
As at 31st December , 2021	(637,360)	637,361
As at 31st December , 2020	(593,853)	593,852

Sensitivity variation discount rate

Values as appearing in the satatement of financial position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1% of the discount rate has the following effect on the net present value of biological assets :

Managed timber	-1% Rs.'000	1% Rs.'000
As at 31st December , 2021	242,974	(221,306)
As at 31st December , 2020	283,893	(255,491)

18.3 Gain / (loss) on fair value of biological assets

For the year ended 31March,	Group 2022 Rs.'000	Group 2021 Rs.'000
From consumable biological assets	416,610	363,559
From produce on bearer biological assets	(4,133)	5,813
	412,477	369,372

19 Right-of-use assets

19.1 Movement during the year

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as right-of-use assets.

As at 31 March,	Group			
	2022			2021
	Right-of-use land	Right-of-use buildings	Total	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost				
Balance at the beginning of the year	20,136,481	3,291,796	23,428,277	21,053,990
Transferred from prepayments and deferred rent liabilities	-	-	-	1,095
Acquisition of subsidiaries	6,936	892	7,828	-
Exchange difference	8,186,860	1,298,306	9,485,166	1,268,627
Remeasurement during the year	353,718	805	354,523	8,599
Capitalized under property, plant and equipment	-	-	-	(34,094)
Additions	284,735	211,502	496,237	1,146,073
Other transfers	-	(764)	(764)	-
Disposals/Terminations	(226,141)	-	(226,141)	(16,013)
Balance at the end of the year	**28,742,589**	**4,802,537**	**33,545,126**	**23,428,277**
Accumulated depreciation				
Balance at he beginning of the year	6,286,049	1,678,518	7,964,567	6,243,778
Acquisition of subsidiaries	640	781	1,421	-
Exchange difference	2,936,631	749,638	3,686,269	462,102
Charge for the year	1,140,431	330,318	1,470,749	1,270,489
Capitalised under property, plant and equipment	-	-	-	4,211
Disposals/Terminations	(101,087)	-	(101,087)	(16,013)
Balance at the end of the year	**10,262,664**	**2,759,255**	**13,021,919**	**7,964,567**
Carrying amount as at 31st March	**18,479,925**	**2,043,282**	**20,523,207**	**15,463,710**
- Recognised under non-current	18,479,333	2,043,282	20,522,615	15,462,527
- Recognised under current *	592	-	592	1,183
	18,479,925	**2,043,282**	**20,523,207**	**15,463,710**

Notes to the Financial Statements

As at 31 March,	Company 2022	
	Right-of-Use buildings	Total
Cost	**Rs.'000**	**Rs.'000**
Balance at he beginning of the year	-	-
Additions	36,088	36,088
Other transfers	433	433
Balance at the end of the year	36,521	36,521
Accumulated depreciation		
Balance at he beginning of the year	-	-
Charge for the year	7,304	7,304
Balance at the end of the year	7,304	7,304
Carrying amount as at 31st March 2022	**29,217**	**29,217**

** Consequent to the expiry of power purchase agreement signed between Ace Power Embilipitiya (Pvt) Ltd., and the Ceylon Electricity Board (CEB) on the 6th April 2021, the right-of-use assets of Ace Power Embilipitiya (Pvt) Ltd., was transferred to current assets.*

19.2 Amounts recognised in profit or loss on SLFRS 16 - Leases

	Group		Company
	2022 Rs. '000	**2021 Rs. '000**	**2022 Rs. '000**
Depreciation expense of right-of-use assets (Note 19.1)	1,470,748	1,270,489	7,304
Interest on lease liabilities (Note 32)	909,897	894,159	2,433
Expenses relating to short term leases and leases of low value assets	336,034	186,081	-

19.3 Amounts recognised in profit or loss on SLFRS 16 - Leases

Total cash outflow for leases	2,475,409	984,759	8,326

19.4 Details of right-of-use assets relating to leased properties

Company	Nature of the leasing activity	Location of the leased property	Unexpired lease periods as at 31.03.2022
Ace Apparels (Pvt) Ltd	Land	Koggala - Sri Lanka	42 years
Ace Containers (Pvt) Ltd	Yard and Warehouse facilities	Wattala - Sri Lanka	1 - 3 years
Ace Container Terminals (Pvt) Ltd	Land	Biyagama - Sri Lanka	72 years
Ace Container Terminals (Pvt) Ltd	Land	Katunayake - Sri Lanka	66 years
Ace Distriparks (Pvt) Ltd	Land	Mihinthale - Sri Lanka	22 years
Ace Distriparks (Pvt) Ltd	Warehouse facilities	Welisara and Wattala - Sri Lanka	2 - 3 years
Ace Power Embilipitiya (Pvt) Ltd	Land	Embilipitiya - Sri Lanka	01 year
Ace Windpower (Pvt) Ltd	Land	Ambewela - Sri Lanka	11 years

Company	Nature of the leasing activity	Location of the leased property	Unexpired lease periods as at 31.03.2022
Aitken Spence Agriculture (Pvt) Ltd	Land	Dambulla - Sri Lanka	21 years
Aitken Spence Cargo (Pvt) Ltd	Warehouse facilities	Mulleriyawa - Sri Lanka	01 year
Aitken Spence Hotel Managements (Pvt) Ltd	Warehouse facilities	Colombo 02 - Sri Lanka	02 years
Aitken Spence Property Developments (Pvt) Ltd	Land	Colombo 02 - Sri Lanka	02 years
Global Parcel Delivery (Pvt) Ltd	Warehouse facility	Ingiriya - Sri Lanka	05 years
Hethersett Hotels Ltd	Land	Nuwara Eliya - Sri Lanka	73 years
Kandalama Hotels (Pvt) Ltd	Land	Dambulla - Sri Lanka	21 years
Waltrim Hydropower (Pvt) Ltd	Land and building	Nuwara Eliya - Sri Lanka	19 years
Western Power Company (Pvt) Ltd	Land	Muthurajawela - Sri Lanka	25 years
ADS Resorts (Pvt) Ltd	Island	North Male' Atoll - Maldives	05 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	27 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	43 years
Jetan Travel Services Company (Pvt) Ltd	Island	South Male' Atoll - Maldives	21 years
Unique Resorts (Pvt) Ltd	Island	South Male' Atoll - Maldives	24 years
Fiji Ports Terminal Ltd	Wharfs used for ports operations	Suva - Fiji	07 years
Melstacorp PLC	Building	Colombo 10 - Sri Lanka	04 years

Right to use of land-Madulsima Plantations PLC and Balngoda Plantations PLC

The Right of Use - Lands consist of the lease rights on Janatha Estates Development Board/Sri Lanka State Plantations Corporation Estates. Leases have been executed for a period of 53 years. All of these leases are retroactive to 18 June 1992 the date of formation of these Companies. The leasehold right to the land on all of these estates have been taken into the books of these Companies on 18 June 1992 immediately after formation of these Companies, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka.

The Government of Sri Lanka has initiated actions under provisions of the Land Acquisition Act No.28 of 1964, to acquire lands from lands leased to the Group in Agarsland Estate, Cecilton Estate, Rasagalla Estate, Non Pareil Estate, Balangoda Estate and Rye Wikiliya Estate located in Balangoda region; Mutwagala Estate, Palmgarden Estate, Millawitiya Estate, Galuthara Estate, Mutwagala Estate and Rambukkanda Estate located in Ratnapura region, and Glen Alpin Estate, Telebedde Estate, Ury Estate and Wewesse Estate located in Badulla region.

The Government of Sri Lanka has already acquired a total land extent of 200.87 hectares (refer Note A below) and also in the process of acquiring a further total land extent of 2.22 hectares as detailed in Note B below.

Notes to the Financial Statements

19.5.1 Leasehold rights to bare land of JEDB / SLSPC estate assets and immovable (JEDB / SLSPC) estate assets of finance lease acquired by the Government of Sri Lanka

(A) List of lands acquired by the Government as at 31 December 2021

Company	Region	Estate	Purpose of Acquisition	Extent (Hectares)
Balangoda Plantations PLC	Balangoda	Cecilton Estate	Expansion of an Village	7.21
	Balangoda	Non Perial Estate	Construction of R/Non Paeril Tamil Vidyalaya	0.81
	Balangoda	Non Perial Estate	Construction of Army camp	36.18
	Balangoda	Non Perial Estate	Construction of R/Karagastalawa Maha Vidyalaya	1.21
	Balangoda	Non Perial Estate	Widening of Road	0.38
	Balangoda	Non Perial Estate	Widening of Road	0.3
	Balangoda	Non Perial Estate	Village Alienation	12.09
	Balangoda	Agarsland Estate	Construction of R/Wellawala Mukalana Tamil School	0.81
	Balangoda	Agarsland Estate	Village Alienation	6.79
	Balangoda	Rasagalla Estate	Village Alienation	7.87
	Balangoda	Rasagalla Estate	Village Alienation	4.34
	Balangoda	Rasagalla Estate	Village Alienation	2.37
	Balangoda	Rasagalla Estate	Construction of Estate Hospital – Rasagalla	0.81
	Balangoda	Rye Wikiliya Estate	Construction of Balangoda Pinnawala Police Station	1
	Balangoda	Rye Wikiliya Estate	Village Alienation	2.02
	Ratnapura	Mutwagala Estate	Construction of North Karadana Police Post	0.06
	Ratnapura	Palmgarden Estate	Construction of an Industrial Estate	34.49
	Ratnapura	Palmgarden Estate	Village Alienation	5.26
	Badulla	Glen Alpin Estate	Expansion of Uva Wellassa University	10.1
	Badulla	Glen Alpin Estate	Construction of an Industrial Zone	9.49
	Badulla	Telebedde Estate	Construction of a Lake	1.62
	Badulla	Ury Estate	Village Alienation	2.9
	Badulla	Wewesse Estate	Expansion of Uva Wellassa University	17.81
	Ratnapura	Galuthara Estate	Construction of Houses for Flood Victims	1.18
	Ratnapura	Millawitiya Estate	Village Alienation	11.86
	Ratnapura	Mutwagala Estate	Village Alienation	4.9
	Ratnapura	Rambukkanda Estate	Construction of Houses for Flood Victims	3.49
	Ratnapura	Rambukkanda Estate	Construction of Houses for Flood Victims	4.78
	Balangoda	Balangoda Estate	Build a Mini Hydro Project	0.66
	Badulla	Ury Estate	Construction of Peradeniya Badulla Highway	0.01
	Badulla	Wewesse Estate	Construction of Peradeniya Badulla Highway	2.91
	Badulla	Telbedde Estate	Construction of a Rural Hospital	0.37
	Badulla	Glen Alpin Estate	Relocation of Diyanagalla Tamil School	0.40

Company	Region	Estate	Purpose of Acquisition	Extent (Hectares)
Madulsima Plantations PLC	Madulsima	El-Teb	Lower Division No 01 Tamil School	0.81
	Madulsima	Mahadowa	Lower Division No 01 Tamil School	0.44
	Madulsima	Mahadowa	Hospital Development	0.81
	Madulsima	Mahadowa	Chengaladi Road Expansion	0.12
	Madulsima	Uvakellie	Tamil School	0.8
	Madulsima	Veralapatana	Expansion of Madulsima town	0.81
	Madulsima	Veralapatana	Police Station & Quarters	0.6
				200.87

No adjustments have been made to the financial statements in respect of these lands acquired as the compensation receivable on these acquisitions are not known and the Government Valuation is pending as at 31 December 2021. Accordingly, the transactions pertaining to those acquisitions are incomplete as at 31 December 2021.

(B) List of lands in the process of being acquired by the Government of Sri Lanka under the Land Acquisition Act as at 31/12/2021

Region	Estate	Purpose of Acquisition	Extent (Hectares)
Ratnapura	Palmgarden Estate	Relocation Rathnapura Tamil Maha Vidyalaya	2.02
Ratnapura	Mutwagala Estate	Construction of an official residence to the Divisional Secretary-Kiriella	0.2
			2.22

20 Investments in subsidiaries

As at 31March,	Note	Company 2022 Rs.'000	Company 2021 Rs.'000
Quoted Investments - Cost	20.1	54,877,163	54,877,163
Unquoted Investments - Cost	20.2	10,521,534	9,844,534
		65,398,697	64,721,697
Less: Provision for impairment of investments in subsidiaries	20.3	(4,448,695)	(3,895,286)
		60,950,002	60,826,411

Notes to the Financial Statements

20.1 Quoted Investments

As at 31March,	2022				2021			
	Number of shares	Effective holding	Market Value	Cost	Number of shares	Effective holding	Market Value	Cost
			Rs.'000	Rs.'000			Rs.'000	Rs.'000
Balangoda Plantations PLC	13,853,663	58.61%	241,054	360,565	13,853,663	58.61%	148,234	360,565
Browns Beach Hotel PLC	54,273,234	41.88%	488,459	726,399	54,273,234	41.88%	553,587	726,399
Distilleries Company of Sri Lanka PLC	4,252,262,664	92.44%	57,830,772	31,527,517	4,252,262,664	92.44%	84,620,027	31,527,517
Aitken Spence PLC	204,314,171	50.32%	15,057,954	21,236,173	204,314,171	50.32%	11,339,436	21,236,173
Madulsima Plantations PLC	94,767,483	55.91%	871,861	1,026,509	94,767,483	55.91%	748,663	1,026,509
Total Cost			74,490,100	54,877,163			97,409,947	54,877,163

20.2 Unquoted Investments

As at 31March,	2022			2021		
	Number of shares	Effective holding	Cost	Number of shares	Effective holding	Cost
			Rs.000			Rs.000
Milford Holdings (Pvt) Limited	333,067,925	98.36%	3,350,000	333,067,925	98.36%	3,350,000
Periceyl (Pvt) Limited	240,000,000	100.00%	6,750	240,000,000	100.00%	6,750
Continental Insurance Lanka Limited	120,000,007	100.00%	1,164,000	70,000,007	100.00%	664,000
Melsta Logistics (Pvt) Limited	90,000,000	100.00%	571,486	90,000,000	100.00%	571,486
Bogo Power (Pvt) Limited	993,000,000	99.30%	993,250	993,000,000	99.30%	993,250
Bellvantage (Pvt) Limited	5,000,100	100.00%	75,000	5,000,100	100.00%	75,000
Melsta Properties (Pvt) Limited	158,994,901	100.00%	1,589,949	158,994,901	100.00%	1,589,949
Melsta Tower (Pvt) Limited	65,751,636	100.00%	657,516	65,751,636	100.00%	657,516
Melsta Technologies (Pvt) Limited	1,000,000	100.00%	10,000	1,000,000	100.00%	10,000
Melsta Health (Pvt) Ltd	189,600,002	100.00%	1,896,000	171,900,002	100.00%	1,719,000
Timpex (Pvt) Limited	15,611,661	51.03%	156,897	15,611,661	51.03%	156,897
Splendor Media (Pvt) Limited	100,002	100.00%	50,686	100,002	100.00%	50,686
Total cost			10,521,534			9,844,534

20.3 Provision for impairment of investments in subsidiaries

	Company	
	2022	2021
	Rs.'000	Rs.'000
Balance at the beginning of the year	3,895,286	3,863,604
Provision made during the year	553,409	31,682
Balance at the end of the year	**4,448,695**	3,895,286

The provision for impairment on investments in subsidiary companies as at 31st March 2022 are attributable to followings;

		Company	
		2022	2021
	Note	Rs.'000	Rs.'000
Milford Holdings (Pvt) Limited	20.3.1	3,350,000	3,350,000
Splendor Media (Pvt) Limited	20.3.2	50,686	50,686
Balangoda Plantations PLC	20.3.3	85,764	191,579
Madulsima Plantations PLC	20.3.3	32,587	173,033
Timpex (Pvt) Ltd	20.3.4	55,772	7,000
Browns Beach Hotel PLC	20.3.5	184,515	122,988
Melsta Health (Pvt) Ltd	20.3.6	689,371	-
		4,448,695	3,895,286

20.3.1 Milford Holdings (Pvt) Limited

The recoverable value of Milford Holdings (Pvt) Limited was calculated with reference to its net assets value held as at 31st March 2022. (Level 3 Valuation)

20.3.2 Splendor Media (Pvt) Limited

The recoverable value of Splendor Media (Pvt) Limited was calculated with reference to its net assets value held as at 31st March 2022. (Level 3 Valuation)

20.3.3 Balangoda Plantations PLC / Madulsima Plantations PLC

Recoverable values for the plantation sector companies were estimated based on the fair value less cost to sell the investment which are calculated with reference to the market prices of equity securities as at 31st March 2022 adjusted for appropriate control premium (Level 2 valuation).

Principal assumptions used in the estimation of fair value less cost to sell are as follows;

1. Control premium - 14%
2. Costs of selling these investments are immaterial.

20.3.4 Timpex (Pvt) Ltd

The recoverable value of Timpex (Pvt) Ltd was calculated with reference to its net assets value held as at 31st March 2022. (Level 3 Valuation)

20.3.5 Browns Beach Hotel PLC

The recoverable value of Browns Beach Hotel PLC was calculated with refernce to its Market value adjusted with appropriate control premium held as at 31st March 2022 (Level-2 Valuation)

20.3.6 Melsta Health (Private) Limited

The recoverable value of Melsta Health PLC was calculated with refernce to its net assets value held as at 31st March 2022 (Level-3Valuation)

20.4 Group holdings in subsidiaries

As at 31 March,							2022	
	Subsidiary		Principal Activity	Reporting date	Reason for using a different period	Indirectly holding through	No. of shares	Effective ownership interest
1	Aitken Spence PLC	SPEN	Diversified Holding	31-Mar	-		204,314,171	50.32%
2	Balangoda Plantations PLC	BPL	Cultivation and processing of Tea & Rubber	31-Dec	To comply with the rules and regulations in the Plantation sector		13,853,663	58.61%
3	Bell Solutions (Pvt) Ltd	BSL	"Information & Communication Technology"	31-Mar	-	LB	98,090	98.09%
4	Bellvantage (Pvt) Ltd	BV	BPO,KPO & Software Development	31-Mar	-		5,000,100	100%
5	Bogo Power (Pvt) Ltd	BP	"Generation and sale of Hydro Electric Energy"	31-Mar	-		993,000,000	99.50%
6	Browns Beach Hotel PLC	BBH	Leisure	31-Mar	-	SPENCE	102,900,337	55.95%
7	Continental Insurance Lanka Limited	CIL	General Insurance Services	31-Dec	To comply with the rules and regulations in the Insurance sector		120,000,017	100%
8	Lanka Bell Ltd	LB	Telecommunication Services	31-Mar	-	MH	50,719,061	99.73%
9	Distilleries Company of Sri Lanka PLC	DCSL	Beverage	31-Mar	-		4,252,262,664	92.44%
10	Melsta Logistics (Pvt) Ltd	ML	Automobile Servicing and Logistics	31-Mar	-		90,000,000	100%
11	Milford Holdings (Pvt) Ltd	MH	Investment Holding Company	31-Mar	-		333,067,925	98.36%
12	Negombo Beach Resorts (Pvt) Ltd	NBR	Leisure	31-Mar	-	BBH	91,400,001	41.88%
13	Periceyl (Pvt) Ltd	PCL	"Distribution of locally manufactured Foreign Liquor"	31-Dec	To operate in line with foreign strategic alliances		240,000,000	100%
14	Splendor Media (Pvt) Ltd	SM	Media Buying & Creative Services	31-Mar	-		100,002	100%
15	Telecom Frontier (Pvt) Ltd	TF	Telecommunication Services	31-Mar	-	LB	98,090	98.09%
16	Texpro Industries Ltd	TEXP	Dyeing and Printing Woven Fabrics	31-Mar	-	TIM	46,836,524	41.75%
17	Timpex Ltd	TIM	Investment Holding Company	31-Mar	-		15,611,661	51.03%
18	Melsta Properties (Pvt) Ltd	MP	Management of Real Estate	31-Mar	-		158,994,901	100%
19	Melsta Tower (Pvt) Limited	Tower	Real Estate	31-Mar	-		65,751,636	100%
20	Melsta Technology (Pvt) Limited	TECH	IT Services	31-Mar	-		1,000,000	100%
21	Madulsima Plantations PLC	MPL	Cultivation and processing of Tea	31-Dec	To comply with the rules and regulations in the Plantation sector		94,767,483	55.91%
22	Melsta Health (Pvt) Ltd	HEALTH	Investment holding company	31-Mar	-		189,600,002	100.00%
23	Melsta Laboratories (Pvt) Ltd	MLAB	Dianostic services	31-Mar	-	HEALTH	30,000,001	100.00%
24	Hospital Management Melsta (Pvt) Ltd	HMM	Healthcare services	31-Mar	-	HEALTH	25,225,001	100.00%

As at 31 March,							2022	
	Subsidiary		Principal Activity	Reporting date	Reason for using a different period	Indirectly holding through	No. of shares	Effective ownership interest
25	Melsta Healthcare Colombo (Pvt) Ltd	MHCOL	Healthcare services	31-Mar		HEALTH	13,000,000	100.00%
26	Melsta Hospitals Ragama (Pvt) Ltd	MHR	Healthcare services	31-Mar		MHCOL	180,725,000	100.00%
27	Melsta Healthcare Colombo North (Pvt) Ltd	MHNC	Healthcare services	31-Mar		MHR	25,362,500	100.00%
28	Melsta Pharmacuiticals (Pvt) Ltd	PHARMA	Healthcare services	31-Mar		HEALTH	1,700,000	100.00%
29	Formula World (Pvt) Ltd	FWORLD	Automobile Servicing and Logistics	31-Dec		CIL	1,000,000	100.00%
30	Continental Insurance Life Lanka Ltd	CLIFE	Life Insurance	31-Dec		CIL	50,000,000	100.00%

20.5 Significant judgements and assumptions made in determining whether the group has control

Although the Group owns less that half of the voting rights of Texpro Industries Private Limited(TEXP), the Group assessed that it is able to govern the financial and operating policies of TEXP by virtue of de facto control on the basis that the remaining share holders are widely depressed and there is no indication to believe that all of them will exercise their votes collectively.

20.6 Disclosure of the interest that non-controlling interests have in the group's activities and cash flows

20.6.1 Nature of interests in subsidiaries with material NCI

	Aitken Spence PLC (SPEN)	Balangoda Plantations PLC (BPL)	Browns Beach Hotels PLC (BBH)	Madulsima Plantations PLC (MPL)
Principal place of business	No.815, Vauxhall Street, Colombo 02.	In the areas of Ratnapura,Balangoda and Badulla	No. 175, Lewis Place, Negombo	In the areas o Badulla and Bogawanthalawa.
Proportion of ownership interest held by non controlling interest	49.68%	41.39%	44.05%	44.09%
Profit / (loss) allocated to non controlling interest (Rs. '000)	6,851,854	(712)	(195,785)	(105,018)
Accumulated non controlling interest at the end of the reporting period (Rs.'000)	47,817,354	293,656	374,761	470,198

Notes to the Financial Statements

20.6.2 Summarised financial information of subsidiaries that have material NCI before elimination of intra group transactions

As at/ for the year ended 31 March,	BPL		BBH		MPL		SPEN	
	2022	2021	2022	2021	2022	2021	2022	2020
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Dividends paid to non controlling interests		-		-		-	1,341,172	1,080,837
Current assets	577,100	561,072	397,910	247,907	429,905	551,371	69,415,304	41,817,121
Non current assets	6,554,206	6,511,174	5,004,833	5,218,325	7,097,181	7,013,528	129,613,782	106,457,104
Current liabilities	4,458,073	3,985,860	2,220,963	2,154,537	4,306,459	3,811,278	50,030,000	32,940,045
Non current liabilities	1,963,719	2,283,012	2,331,054	2,018,086	2,154,184	2,312,339	71,553,407	56,141,982
Revenue	4,002,689	3,573,076	422,126	88,104	3,099,649	2,832,067	54,152,232	31,460,894
Profit/(Loss) After Tax	(1,720)	116,395	(444,443)	(657,598)	(238,188)	(200,895)	12,155,817	(3,313,783)
Other comprehensive income	(92,140)	927,903	1,560	88,650	(136,650)	694,267	7,493,815	515,507
Total comprehensive income	(93,860)	1,044,298	(442,883)	(568,948)	(374,838)	493,372	19,649,632	(2,798,276)
Cash Flows								
Cash flows from operating activities	239,450	110,348	11,474	(180,052)	57,857	97,886	21,796,935	3,452,194
Cash flows from investing activities	(93,339)	(84,938)	3,014	14,098	(181,767)	(135,100)	(7,489,605)	(5,032,765)
Cash flows from financing activities	(240,652)	104,842	(2,592)	6,496	48,721	(56,632)	(2,994,040)	646,916

20.7 Acquisition of subsidiaries

During the period under review Aitken Spence PLC acquired 100% of the shareholding of Waltrim Energy Ltd together with its wholly own subsidiaries namely Waltrim Hydropower (Pvt) Ltd, Upper Waltrim Hydropower (Pvt) Ltd and Elgin Hydropower (Pvt) Ltd. The fair values of assets and liabilities acquired in respect of this investment are included below;

	Note	Group Rs.'000
Property, plant & equipment	15	1,554,702
Right-of-use assets	19.1	6,407
Inventories		7,533
Trade and other receivables		159,103
Current tax receivable		84
Interest-bearing loans and borrowings	31	(555,228)
Lease liabilities	32	(6,775)
Deferred tax liabilities	22.1.1	(133,423)
Employee benefits	33.1	(3,502)
Trade and other payables		(30,788)
Cash and cash equivalent		21,390
Total identifiable net assets acquired		**1,019,503**

20.7.1 Gain on Bargain Purchase

Consideration Transferred	873,890
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	-
Fair value of identifiable net assets	(1,019,503)
Gain on bargain purchase	**(145,613)**

20.7.2 Consideration paid net of cash acquired

Consideration transferred	873,890
Less:	
Cash and cash equivalants acquired	(21,390)
Consideration paid net of cash acquired	**852,500**

21 Investments in equity accounted investees

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Recognised in the statement of financial position					
Investments in joint ventures	21.1	2,202,213	2,425,030	1,352,000	1,352,000
Investments in associates	21.2	7,031,047	5,466,399	-	-
Carrying amount as at 31st March		9,233,260	7,891,429	1,352,000	1,352,000
Recognised in the income statement					
Share of loss from investment in joint ventures	21.1.2	(143,798)	(25,583)	-	-
Share of profit from investment in associates	21.2.1	585,775	447,471	-	-
Share of profit of equity-accounted investees (net of tax) for the year ended 31 March		441,977	421,888	-	-
Recognised in the statement of profit or loss and other comprehensive income					
Interest in joint ventures	21.1.2	32,346	5,935	-	-
Interest in associates	21.2.1	1,037,583	306,427	-	-
Share of other comprehensive income of equity-accounted investees (net of tax) for the year ended 31 March		1,069,929	312,362	-	-

Notes to the Financial Statements

Share of other comprehensive income of equity-accounted investees (net of tax) is further analysed as;

	Group	
	31.03.2022	31.03.2021
	Rs.'000	Rs.'000
Items that will not be reclassified to profit or loss	12,453	6,036
Items that are or may be reclassified to profit or loss	1,057,476	306,326
	1,069,929	312,362

21.1 Investments in joint ventures

		Group				Company			
				As at 31 March				As at 31 March	
	Country of incorporation	No. of shares	Holding	2022	2021	No. of shares	Holding	2022	2021
			%	Rs.'000	Rs.'000		%	Rs.'000	Rs.'000
"Aitken Spence C & T Investments (Pvt) Ltd (a) (b) (Ordinary shares - Unquoted)"	Sri Lanka	14,170,000	50.00	141,700	141,700	-	-	-	-
"Aitken Spence Engineering Solutions (Pvt) Ltd (a) (Ordinary shares - Unquoted)"	Sri Lanka	20,000	50.00	2,000	2,000	-	-	-	-
"CINEC Campus (Pvt) Ltd (a) (formally Colombo International Nautical and Engineering College (Pvt) Ltd) (consolidated with CINEC Skills (Pvt) Ltd) (Ordinary shares - Unquoted)"	Sri Lanka	253,334	40.00	502,950	502,950	-	-	-	-
"Spence Seahorse Marine (Pvt) Ltd (a) (Ordinary shares - Unquoted)"	Sri Lanka	500,000	50.00	5,000	-	-	-	-	-
Melsta Gama (Pvt) Ltd	Sri Lanka	13,520,000	50.00	1,352,000	1,352,000	13,520,000	50.00	1,352,000	1,352,000
Ace Bangladesh Ltd (a) (Ordinary shares - Unquoted)	Bangladesh	172,970	49.00	32,587	32,587	-	-	-	-
Carrying amount as at 31st March				2,036,237	2,031,237			1,352,000	1,352,000
Cumulative share of equity movement				165,976	393,793			-	-
Equity value of investments				**2,202,213**	**2,425,030**			**1,352,000**	**1,352,000**

21.1.2 Summarised financial information of joint ventures - Group

The following analyses, in aggregate, the carrying amount, share of profit and other comprehensive income of joint ventures.

As at 31 March,	2022 Rs.'000	2021 Rs.'000
Carrying amount of interest in joint ventures	2,202,213	2,425,030
Group's share of :		
- Profit for the year (net of tax)	(143,798)	(25,583)
- Other comprehensive income for the year (net of tax)	32,346	5,935
Total comprehensive income for the year	**(111,452)**	**(19,648)**
Dividends received from joint ventures	**(116,365)**	**(105,473)**

21.2 Investments in associates

	Country of incorporation	No. of shares	Holding %	Group As at 31 March 2022 Rs.'000	2021 Rs.'000
"Aitken Spence Plantation Managements PLC (consolidated with Elpitiya Plantations PLC (Ordinary shares - Quoted)"	Sri Lanka	8,295,860	38.95	165,000	165,000
"Fiji Ports Corporation Ltd (consolidated with Fiji Ships Heavy Industries Ltd) (Ordinary Shares - Unquoted)"	Fiji	14,630,970	20.00	2,351,255	2,351,255
"Serendib Investments Ltd (Ordinary Shares - Unquoted)"	Fiji	1,500,000	25.00	151,215	126,590
"Amethyst Leisure Ltd (consolidated with Paradise Resort Pasikudah (Pvt) Ltd) (Ordinary shares - Unquoted)"	Sri Lanka	432,425,223	35.74	569,205	465,083
Ace Aviation Myanmar Ltd (Ordinary shares - Unquoted)	Myanmar	1,525,000	33.33*	20,075	-
Carrying amount as at 31st March				3,256,750	3,107,928
Cumulative share of equity movement				3,804,867	2,358,471
Less: Provision for impairment of investments				**(30,570)**	-
Equity value of investments				**7,031,047**	**5,466,399**
Market value of quoted investments as at 31st March				**815,106**	

* During the period under review the Group impaired one of its investments in the services sector and recognised an impairment loss of Rs. 30.6 million respectively in the income statement under Depreciation, amortisation and impairment (losses) / reversals of non financial assets.

* Group's effective holding in Ace Aviation Myanmar Ltd.

Notes to the Financial Statements

21.2.1 Summarised financial information of associates - Group

The following analyses, in aggregate, the carrying amount, share of profit and other comprehensive income of associates.

For the year ended 31 March,	2022 Rs.'000	2021 Rs.'000
Carrying amount of interest in associates	3,256,750	3,107,928
Group's share of :		
- Profit for the year (net of tax)	585,775	447,471
- Other comprehensive income for the year (net of tax)	1,037,583	306,427
Total comprehensive income for the year	**1,623,358**	**753,898**
Dividends received from associates	(326,297)	(315,458)
Share of net assets of associates recognised in equity	**149,335**	**12,721**

21.2.2 Inter-company shareholdings - investment in associates

Investee	Country of incorporation	Investor	No of shares as at 31.03.2022	Percentage holding (%) Investor holding %	Group holding %	Non-controlling holding %
Amerthyst Leisure Ltd.	Sri Lanka	Aitken Spence Hotel Holding PLC	218,345,163	27.89%	35.74%	64.26%
	Sri Lanka	Distrillers Company of Sri Lanka PLC	214,080,060	27.35%		

22 Deferred tax assets and liabilities

22.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the followings:

As at 31 March,	Group 2022 Assets Rs.000	 2022 Liabilities Rs.000	 2022 Net Rs.000	 2021 Asset Rs.000	 2021 Liabilities Rs.000	 2021 Net Rs.000
Property, plant and equipment and investment properties	(3)	9,613,805	9,613,802	(3,717)	8,268,991	8,265,274
Biological assets	-	863,683	863,683	-	1,212,120	1,212,120
Provision for impairment of receivables	(78,801)	-	(78,801)	(82,874)	-	(82,874)
Other provisions	(4,147)	-	(4,147)	(4,240)	-	(4,240)
Financial assets at FVOCI	(1,744)	-	(1,744)	(785)	5,754	4,969
Defined benefit obligations	(508,368)	-	(508,368)	(597,587)	-	(597,587)
Net of Right-of-Use Asset & Lease Liability	(4,819)	1,090	(3,729)	(18,453)	-	(18,453)
Other Items	(762)	-	(762)	(523)	-	(523)
Revaluation Surplus on Freehold Land	-	1,098,567	1,098,567	-	1,135,294	1,135,294
Unrealized exchange gain	(159,735)	-	(159,735)	-	-	-
Unutilised tax loss carry-forward	(2,814,003)	-	(2,814,003)	(2,691,775)	-	(2,691,775)
	(3,572,382)	11,577,145	8,004,763	(3,399,954)	10,622,159	7,222,205

As at 31 March,	Company					
	2022			2021		
	Assets	Liabilities	Net	Asset	Liabilities	Net
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Property, plant and equipment	-	780,810	780,810	-	601,634	601,634
Retirement benefit obligations	(2,822)	-	(2,822)	(2,533)	-	(2,533)
From Net of Right-of-Use Asset & Lease Liability	(235)	-	(235)	-	-	-
	(3,057)	780,810	777,753	(2,533)	601,634	599,101

22.1.1 Movement in recognised deferred tax assets and liabilities

As at 31 March,	Group					
	2022					
	Balance as at 1 April 2021	Acquisition of Subsidiary	Charged/ (credited) in Profit or loss	Charged/ (credited) in other comprehensive income	Exchange Difference	Balance as at 31 March 2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Property, plant and equipment and investment properties	8,265,274	278,260	590,560	189,604	290,104	9,613,802
Biological assets	1,212,120	-	(348,437)	-	-	863,683
Provision for impairment of receivables	(82,874)	-	13,161	-	(9,088)	(78,801)
Provisions	(4,240)	-	93	-	-	(4,147)
Financial assets at FVOCI	4,969	-	-	(6,713)	-	(1,744)
Defined benefit obligations	(597,587)	(766)	51,013	49,053	(10,081)	(508,368)
Net of Right-of-Use Asset & Lease Liability	(18,453)	(73)	17,098	-	(2,301)	(3,729)
Other Items	(523)	-	-	-	(239)	(762)
Revaluation Surplus on Freehold Land	1,135,294	-	(36,727)	-	-	1,098,567
Unrealized exchange gain	-	-	(159,735)	-	-	(159,735)
Unutilised tax loss carry-forward	(2,691,775)	(143,998)	514,476	-	(492,706)	(2,814,003)
	7,222,205	133,423	641,502	231,944	(224,311)	8,004,763

Notes to the Financial Statements

22.1 Recognised deferred tax assets and liabilities (Contd.)

22.1.1 Movement in recognised deferred tax assets and liabilities (Contd.)

As at 31 March,	Group 2021					
	Balance as at 1 April 2020 Rs. '000	Charged/ (credited) in Profit or loss Rs. '000	Charged/ (credited) in other comprehensive income Rs. '000	Exchange Difference Rs. '000	Other Transfers Rs. '000	Balance as at 31 March 2021 Rs. '000
Property, plant and equipment and investment properties	7,512,228	553,123	149,334	49,279	1310	8,265,274
Biological assets	1,158,693	53,427	-	-	-	1,212,120
Provision for impairment of receivables	(73,900)	(8,105)	-	(869)	-	(82,874)
Provisions	(3,780)	(460)	-	-	-	(4,240)
Financial assets at FVOCI	1,492	1	3,476	-	-	4,969
Defined benefit obligations	(515,808)	(19,778)	(59,242)	(2,759)	-	(597,587)
Net of Right-of-Use Asset & Lease Liability	(229,052)	207,314	-	3,339	(54)	(18,453)
Other Items	(451)	-	-	(72)	-	(523)
Revaluation Surplus on Freehold Land	1,088,608	-	46,686	-	-	1,135,294
Unutilised tax loss carry-forward	(1,613,715)	(1,098,295)	-	(82,300)	102,535	(2,691,775)
	7,324,315	(312,773)	140,254	(33,382)	103,791	7,222,205

For the year ended 31 March,	Company 2022			
	Balance as at 1 April 2021 Rs. '000	Charged/ (credited) in Profit or loss Rs. '000	Charged/(credited) in other comprehensive income Rs. '000	Balance as at 31 March 2022 Rs. '000
Property, plant and equipment	601,634	179,176	-	780,810
Retirement benefit obligations	(2,533)	(831)	542	(2,822)
From Net of Right-of-Use Asset & Lease Liability	-	(235)	-	(235)
	599,101	178,110	542	777,753

For the year ended 31 March,	Company 2021			
	Balance as at 1 April 2020 Rs. '000	Charged/ (credited) in Profit or loss Rs. '000	Charged/(credited) in other comprehensive income Rs. '000	Balance as at 31 March 2021 Rs. '000
Property, plant and equipment	582,201	24,050	(4,617)	601,634
Retirement benefit obligations	(3,366)	(181)	1,014	(2,533)
	578,835	23,869	(3,603)	599,101

22.2 Unrecognised deferred tax assets and liabilities

Deferred tax assets/(Liabilities) have not been recognised in respect of the following items:

For the year ended 31 March,	Group 2022 Rs.'000	Group 2021 Rs.'000
Property, plant & equipment & intangible assets	1,169	1,168
Net lease liabilities	-	506
Employee benefits	2,303	1,834
Impairment of trade receivables	158,479	158,479
Accumulated Tax losses	7,204,126	6,288,242
Other deductible temporary differences	-	937
Net deferred tax asset not recognised	**7,366,077**	**6,451,166**

Deferred tax assets have not been recognised in respect of above items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

23 Other financial investments

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Non current investments					
Financial investments measured at fair value through OCI	23.1	26,640,276	27,726,991	24,504,123	25,448,575
Financial investments measured at amortised cost	23.3	3,466,781	2,746,266	1,677,588	1,833,766
		30,107,057	30,473,257	26,181,711	27,282,341
Current investments					
Financial investments measured at Fair value through profit or loss (FVTPL)	23.2	1,495,147	2,532,666	212,137	1,083,229
Financial investments measured at amortised cost	23.3	26,505,373	15,507,131	6,575,438	9,785,897
		28,000,520	18,039,797	6,787,575	10,869,126

Details relating to unobservable inputs and the level of which the fair value measurement is classified are disclosed in Note 38 to these financial statements. The Boards of each component within the Group has determined these investments to be held for strategic investment purposes. Therefore, these are classified as investments at fair value through other comprehensive income.

23.1 Financial investments at fair value through OCI

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Non current investments					
Quoted equity securities	23.1.1	26,111,347	27,034,360	24,504,123	25,448,575
Unquoted equity securities	23.1.2	276,033	200,804	-	-
Investments in unit trusts	23.1.3	-	21,495	-	-
Government Securities	23.1.4	53,848	270,732	-	-
Quoted Debt securities	23.1.5	199,048	199,600	-	-
		26,640,276	27,726,991	24,504,123	25,448,575

• The group has disposed investments measured at FVOCI during the period and recognised a transfer of Rs. 17.1 Mn as cumulative gains within equity relating to these investments.

23.1.1 Quoted equity securities - non current assets

As at 31 March,	Note	Group 2022 No. of shares	Group 2022 Cost Rs.'000	Group 2022 Fair value Rs.'000	Group 2021 No. of shares	Group 2021 Cost Rs.'000	Group 2021 Fair value Rs.'000
Diversified Investments							
John Keells Holdings PLC		128,917,111	19,456,851	18,692,981	128,917,111	19,456,851	19,144,191
Melstacorp PLC - Non-voting shares		-	-	-	1,000	64	64
Vellibal One PLC		61,826	1,546	4,489			
			19,458,397	18,697,470			
Bank Finance & Insurance							
Commercial Bank of Ceylon PLC		46,521,949	6,277,432	2,916,938	45,483,957	6,277,359	3,888,878
Seylan Bank PLC		16,004	1,235	506	15,547	1,235	762
DFCC Bank PLC		24,786,820	4,189,413	1,189,767	23,585,521	4,189,413	1,405,697
Hatton National Bank PLC		12,905,917	3,007,241	1,409,971	12,582,692	3,007,241	1,585,419
National Development Bank PLC		5,634	148	388	3,862	150	302
			13,475,469	5,517,570		13,475,398	6,881,058
Beverage, Food & Tobacco							
Lanka Milk Foods (CWE) PLC		12,836,074	1,747,259	1,703,989	6,715,784	698,742	1,009,047
Nestle Lanka PLC		1,372	2,932	1,668	-	-	-
Renuka Agri Foods PLC		1,200,000	6,348	6,600	-	-	-
			1,756,539	1,712,257		698,742	1,009,047
Manufacturing							
Pelwatte Sugar Industries PLC		33,140,501	926,473	-	33,140,501	926,473	-
ACL Cables PLC		252,000	10,454	25,263	-	-	-
TEEJEY Lanka PLC		3,583,600	53,754	130,307	-	-	-
			990,681	155,570		926,473	-
Hotel and travels							
John Keells Hotels PLC		140,000	3,897	3,035	-	-	-
The Kingsbury Hotel PLC		410,000	6,178	3,895	-	-	-
			10,076	6,930		-	-

As at 31 March,	Note	Group 2022 No. of shares	Group 2022 Cost Rs.'000	Group 2022 Fair value Rs.'000	Group 2021 No. of shares	Group 2021 Cost Rs.'000	Group 2021 Fair value Rs.'000
Hospitals							
Ceylon Hospitals PLC - Non Voting		40,040	2,608	4,945			
			2,608	4,945			
Chemicals and Pharmaceuticals							
Heycarb PLC		216,210	3,977	16,605			
			3,977	16,605			
Total quoted equity securities - FVOCI			**35,697,747**	**26,111,347**		**34,557,528**	**27,034,360**

As at 31 March,	Company 2022 No. of shares	Company 2022 Cost Rs.'000	Company 2022 Fair value Rs.'000	Company 2021 No. of shares	Company 2021 Cost Rs.'000	Company 2021 Fair value Rs.'000
Diversified Investments						
John Keells Holdings PLC	128,917,111	19,456,851	18,692,981	128,917,111	19,456,851	19,144,191
		19,456,851	18,692,981		19,456,851	19,144,191
Banks and Financial Institutions						
Commercial Bank of Ceylon PLC	46,521,219	6,277,359	2,916,880	45,483,957	6,277,359	3,888,878
Seylan Bank PLC	16,004	1,235	506	15,547	1,235	762
DFCC Bank PLC	24,786,820	4,189,413	1,189,767	23,585,521	4,189,413	1,405,697
		10,468,007	4,107,153		10,468,007	5,295,337
Beverage, food & tobacco						
Lanka Milk Foods (CWE) PLC	12,836,074	1,747,259	1,703,989	6,715,784	698,742	1,009,047
		1,747,259	1,703,989		698,742	1,009,047
Manufacturing						
Pelwatte Sugar Industries PLC	33,140,501	926,473	-	33,140,501	926,473	-
		926,473	-		926,473	-
Total quoted equity securities - FVOCI		**32,598,590**	**24,504,123**		**31,550,073**	**25,448,575**

23.1.2 Unquoted equity securities

	Group			
	2022		2021	
As at 31 March,	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000
International Distilleries Lanka Ltd	100	3	100	3
W.M.Mendis & Co., Ltd	200	4	200	4
Rainforest Ecolodge (Pvt) Ltd	3,500,000	35,000	3,500,000	35,000
Business Process Outsourcing LLC	30,000	8,640	30,000	8,640
Floatels India (Pvt) Ltd	716,037	84,128	716,037	84,128
Cargo Village (Pvt) Ltd	-	-	40,900	823
SLFFA Cargo Services Ltd	1,243,000	3,223	-	-
Ingrin Institute of Printing & Graphics (Pvt) Ltd.	10,000	100	10,000	100
		131,098		**128,698**
Change in fair value of investments	-	(15,727)	-	(10,215)
Exchange difference		160,662		82,321
	-	**276,033**	**-**	**200,804**

The basis used for the measurement of fair values are disclosed in note 38.4.1

23.1.3 Investments in unit trusts

	Group					
	2022			2021		
As at 31 March,	No. of Units	Cost Rs.'000	Fair value Rs.'000	No. of shares Rs.'000	Cost Rs.'000	Fair value Rs.'000
Unit Trust Mgt Co., Ltd	-	-	-	300,000	3,000	21,495
		-	-		3,000	21,495

23.1.4 Government Securities

	Group			
	2022		2021	
As at 31 March,	Carrying Value Rs.'000	Fair Value Rs.'000	Carrying Value Rs.'000	Fair Value Rs.'000
Non Current Investments				
Treasury bonds	60,422	53,848	257,090	270,732
	60,422	53,848	257,090	270,732

23.1.5 Quoted debt securities

As at 31 March,	Group			
	2022		2021	
	No of instruments	Fair Value	No of instruments	Fair Value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non Current Investments				
DFCC Bank PLC	2,000,000	199,048	2,000,000	199,600
		199,048		199,600

The Group has invested on a debenture with a maturity period of 7 years on 10th November 2016 at 12.75% amounting to Rs.200,000,000 (face value) at maturity value of amounting Rs.221,797,260/- in DFCC Bank PLC.

23.2 Financial investments at fair value through profit or loss (FVTPL)

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Quoted equity securities	23.2.1	335,120	1,389,567	212,137	1,083,229
Investments in unit trusts	23.2.2	1,160,027	1,143,099	-	-
		1,495,147	2,532,666	212,137	1,083,229

23.2.1 Quoted equity securities

As at 31 March,	Group				Company			
	2022		2021		2022		2021	
	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Bank Finance & Insurance								
Vallibal Finance PLC	45,296	3,288	-	-	-	-	-	-
LB Finance PLC	31,772	2,160	-	-	-	-	-	-
Nation Trust Bank PLC	52,411	2,883	52,411	3,145	-	-	-	-
Commercial Bank of Ceylon PLC	332,407	32,792	325,694	47,298	-	-	-	-
DFCC Bank PLC (Ordinary shares)	27,428	564	26,099	486	-	-	-	-
Hatton National Bank PLC - Voting	214,787	14,427	214,787	4,060	-	-	-	-
		56,114		54,989		-		-
Beverage, Food & Tobacco								
Renuka Agri Foods PLC	-	-	5,166,794	19,524	-	-	-	-
Nestle Lanka PLC	-	-	1,372	1,749	-	-	-	-
		-		21,273	-	-	-	-
Hotel and Travels								
The Kingsbury Hotel PLC	388,850	3,925	1,442,200	9,863	-	-	-	-
Aitken Spence Hotel Holdings PLC	-	-	23,100	122	-	-	-	-
John Keells Hotels PLC	1,237,200	9,897	388,850	3,694	-	-	-	-
		13,822		13,679	-	-	-	-
Construction and Engineering								
Colombo Dockyard PLC	13,543	123	13,543	123	-	-	-	-
		123		123	-	-	-	-

Notes to the Financial Statements

As at 31 March,	Group				Company			
	2022		2021		2022		2021	
	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value	No. of shares	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Manufacturing								
ACL Cables PLC	29,581	2,965	126,000	9,651			-	-
Tokyo Cement PLC			-	-	-	-	-	-
Kelani Cables PLC	3,988	1,953	-	-	-	-	-	-
Dipped Products PLC	58,227	2,952	-	-	-	-	-	-
Royal Ceramics Lanka PLC	38,503	3,007	-	-	-	-	-	-
Lanka Wall Tiles PLC	27,074	3,002	-	-	-	-	-	-
Lanka IOC	29,998	2,196	29,998	672	-	-	-	-
Bukit Darah PLC	72,200	26,118	72,200	23,808	72,200	26,118	72,200	23,808
Hela Apparel Holdings PLC	666,667	8,600			666,667	8,600		
Textured Jersey Lanka PLC	-	-	16,206,028	641,073	-	-	12,622,428	504,897
		50,793		675,204		34,718	-	528,705
Power & Energy								
Windforce Ltd	145,757	2,653	-	-	-	-	-	-
		2,653	-	-		-		-
Diversified Investments								
John Keells Holdings PLC	100,000	15,000	240,000	16,500	-	-	-	-
Hayleys Lanka PLC	8,829	1,148	-	-	-	-	-	-
CT Holding PLC	-	-	1,623,050	275,919	-	-	1,623,050	275,919
Mangata Holding SA	71,660	2,952	-	-	-	-	-	-
Softlogic Holdings PLC	180,000	6,768	380,000	4,484	-	-	-	-
Softlogic Capital PLC	27,335,659	169,481	40,000,000	160,000	27,335,659	169,481	40,000,000	160,000
Browns Capital PLC	-	-	5,701,700	31,359			-	-
Browns Investments PLC	139,043	2,266	-	-	-	-	-	-
LOLC Holdings PLC	2,651	3,080	-	-	-	-	-	-
Expolanka Holdings PLC	7,946	2,982	-	-	-	-	-	-
Carson Cumberbatch PLC	29,400	7,938	29,400	8,188	29,400	7,938	29,400	8,188
Vallibel One PLC	-	-	58,984	1,534	-	-	-	-
		211,615		497,984		177,419		444,107
Hospitals								
Ceylon Hospital PLC- non voting	-	-	40,040	3,604	-	-	-	-
		-		3,604		-	-	-
Chemicals and Pharmaceuticals								
Heycarb PLC	-	-	21,621	12,294	-	-	-	-
		-		12,294		-		-
Real Estate								
RIL Properties PLC	-	-	16,987,215	110,417	-	-	16,987,215	110,417
		-		110,417		-		110,417
Total quoted equity securities -FVTPL		**335,120**		**1,389,567**		**212,137**		**1,083,229**

23.2.2 Investments in unit trusts

As at 31 March,	Group			
	2022		2021	
	No. of Units	Fair value	No. of Units	Fair value
		Rs.'000		Rs.'000
JB Vantage Money Market Fund	11,338,213	333,173	14,704,979	403,449
NDB Wealth Money plus Fund	214,583	5,317	16,617,576	389,697
First Capital Money Market Fund	32,540	66,397	130,257	247,082
NDB Wealth Money Fund	30,075,859	652,369	-	-
Asia Security Money Market Fund	4,784,826	51,534	-	-
Comtrust Money Market Fund	4,089,678	51,237	8,711,280	102,871
Total unit trust investment -FVTPL		**1,160,027**		**1,143,099**

23.3 Financial investments at amortised cost

As at 31 March,		Group		Company	
		2022	2021	2022	2021
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non current investments					
Corporate debentures		1,820,763	1,499,864	50,048	50,053
SLDB Bonds		1,186,384	1,056,707	-	-
Sri Lanka Sovereign Bonds		100,004		-	
Term Deposits		359,630	189,695	-	
Loans granted to subsidiaries	23.3.1	-	-	1,627,540	1,783,713
		3,466,781	2,746,266	1,677,588	1,833,766
Current investments					
Government Securities	23.3.2	248,613	606,009	-	-
Coporate debentures		27,926	25,741	-	-
Bank Deposits	23.3.3	26,228,834	14,875,381	-	-
Loans granted to subsidiaries	23.3.1	-	-	6,575,438	9,785,897
		26,505,373	15,507,131	6,575,438	9,785,897

23.3.1 Loans granted to subsidiaries

As at 31 March,	Company 2022 Rs.'000	Company 2021 Rs.'000
Balangoda Plantations PLC	3,385,967	3,118,054
Madulsima Plantations PLC	3,364,959	2,963,115
Negombo Beach Resorts (Pvt) Ltd	809,438	769,895
Lanka Bell Limited	3,655,608	7,566,293
	11,215,972	14,417,357
Less: Provision for impairment (Note 23.3.1.1)	(3,012,994)	(2,847,747)
	8,202,978	11,569,610
Loans recoverable within one year	6,575,438	9,785,897
Loans recoverable after one year	1,627,540	1,783,713
	8,202,978	11,569,610

The interest rates on the loans granted to subsidiaries are ranging from AWPLR + 1% to 2%

23.3.1.1 Provision for impairment

As at 31 March,	Company 2022 Rs.'000	Company 2021 Rs.'000
Balance at the beginning	2,847,747	2,357,652
Net charge for the year	165,247	490,095
Balance at the end	3,012,994	2,847,747

23.3.2 Government Securities

Government securities consist of Treasury bills which are measured at amortised cost using the effective interest rate.

23.3.3 Bank Deposits

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

23.4 Investments that have been pledged

The investments that are pledged for liabilities are disclosed in Note 43 to these financial statements if any.

24 Inventories

As at 31 March,	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Raw materials	3,245,624	3,363,377	-	-
Packing material	640,507	881,448	-	-
Work in progress	1,040,619	1,109,343	-	-
Finished goods	978,164	1,198,996	-	-
Drugs, disposables, Reagents and vaccine	113,300	109,939		
Harvested crop	388,006	377,637	-	-
Produce Stock	275,619	319,166	-	-
Biological Assets-Nurseries	17,040	13,439	-	-
CDMA and Non - CDMA equipment	684,562	639,488	-	-
Input materials, consumables and spares	2,900,006	1,941,600	1,048	1,015
Goods in transit	1,570	6,637	-	-
	10,285,017	9,961,070	1,048	1,015
Provision for slow moving and obsolete inventories (Note 24.1)	(577,009)	(535,363)	-	-
	9,708,008	9,425,707	1,048	1,015

24.1 Provision for slow moving and obsolete inventories

As at 31 March,	Group 2022 Rs.'000	Group 2021 Rs.'000
Balance at the beginning	535,363	709,908
Reversal during the year	-	(11,745)
Charge for the year	41,646	7,769
Write off during the year	-	(170,569)
Balance at the end	577,009	535,363

24.2 Inventories that have been pledged

The Inventories that are pledged for long-term borrowings are disclosed in Note 43 to these financial statements.

25 Trade and other receivables

As at 31 March,	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Financial assets				
Trade receivables	20,891,588	17,313,307	330	464
Other financial receivables	7,147,633	3,928,517	192	192
Insurance contract receivables	1,772,429	1,826,500	-	-
Employee related debtors	104,028	106,858	-	-
Refundable deposits and advances	436,312	593,683	146	263,056
	30,351,990	23,768,865	668	263,712
Less: Provision for impairment	(2,356,804)	(2,309,482)	-	-
	27,995,186	21,459,383	668	263,712
Non financial assets				

Notes to the Financial Statements

As at 31 March,	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Prepayments and advances	4,173,874	4,193,239	4,987	7,431
Accrued income	303,970	262,166	3,225,649	204,678
Deferred Revenue asset	26,199	10,519	22,169	10,519
Other non financial receivables	48,621	381	-	-
Tax Receivables	324,113	468,156	84	84
	4,876,777	4,934,461	3,252,889	222,712
	32,871,963	**26,393,844**	**3,253,557**	**486,424**

26 Other current assets

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000
Property, plant and equipment	15	582,910	487,416
Right-of-use asset	19	592	1,183
		583,502	488,599

27 Cash and cash equivalents

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Favourable balances classified under current assets					
Short term deposits	27.1	3,328,455	2,091,185	-	-
Cash at bank and Cash in hand		21,524,736	10,502,071	212,665	10,760
Cash in transit		49,445	92,644	-	-
Total		24,902,636	12,685,900	212,665	10,760
Unfavourable balances classified under current liabilities					
Bank overdrafts and Other short-term borrowings		(23,423,392)	(27,467,092)	(10,721,143)	(9,364,103)
Total		(23,423,392)	(27,467,092)	(10,721,143)	(9,364,103)
		1,479,244	(14,781,192)	(10,508,478)	(9,353,343)

27.1 Short term deposits

As at 31 March,	Group 2022 Rs.'000	Group 2021 Rs.'000
Government securities which matures within 3 months	5,006	75,044
Fixed deposits / Call Deposits which matures within 3 months	3,323,449	2,016,141
	3,328,455	2,091,185

27.1.1 Short term deposits that have been pledged

The Short term deposits that are pledged for long term borrowings are disclosed in Note 43 to these financial statements.

28 Assets held for sale

Consequent to the decision made by the Group to divest from the ship owning business in 2007/2008 and the sale of ships by the Group's ship owning companies, the Group recognised the fair values of the investments in Ceyaki Shipping (Pvt) Ltd & Ceyspence (Pvt) Ltd under assets held for sale. Further, fair value of the Group's investment in Spence International (Pvt) Ltd is also treated under assets held for sale upon the decision made to liquidate the company.

The liquidation of these companies are not yet concluded.

Further, consequent to the decision made by Ace Resorts (Pvt) Ltd to dispose of its lease, the carrying value of the leasehold rights of Raafushi Island was classified under assets held for sale.

	Group	
As at 31 March,	**2022**	**2021**
	Rs.'000	**Rs.'000**
Share of net assets of equity accounted investees classified as held for sale	141,446	141,446
Net current assets of group companies classified as held for sale	22,679	22,679
Carrying amount of the leasehold rights classified as held for sale	1,586,969	1,079,094
	1,751,094	1,243,219

29 Stated capital

		Group / Company			
		2022		2021	
As at 31 March,	**Note**	**No. of shares**	**Value of shares Rs.'000**	**No. of shares**	**Value of shares Rs.'000**
Stated capital					
Balance at the beginning of the year		1,165,398,072	89,100,000	1,165,398,072	89,100,000
Repurchase and cancellation of shares	29.1	(1,000)	-	-	-
Capital Reduction	29.2	-	(19,100,000)	-	-
		1,165,397,072	**70,000,000**	**1,165,398,072**	**89,100,000**

	Group / Company	
	2022	**2021**
Share Structure	**No. of shares**	**No. of shares**
Fully Paid Voting Shares	1,165,397,072	1,165,397,072
Fully Paid Non-Voting Shares	-	1,000
	1,165,397,072	1,165,398,072

The Company's stated capital consist fully paid ordinary shares which provides entitlement to its holders to receive dividends as declared from time to time and to vote per share at a meeting of the Company. Further, the Company has issued 1,000 non-voting shares.

29.1 Re-purchase of Non-Voting Shares

Notes to the Financial Statements

As per the special resolution approved at the Extra-Ordinary Annual General Meeting held on 15/10/2021, 1000Nos of non-Voting Shares of the Company held by Distilleries Company of Sri Lanka PLC were repurchased for a consideration of Rs.82.50 per share during the year ended 31st March 2022 resulting adjustment is recognized in the retained earnings.

29.2 Reduction of Stated Capital

Considering the long-term holdings of the Company as well as to maintain a healthy dividend payout, a Special Resolution has resolved at the Extra-Ordinary Annual General Meeting held on 15/10/2021 for capital reduction of Rs.19. Bn. Consequent to this reduction a non-distributable capital reserve was created for the same value during the year ended 31st March 2022. This has not resulted any changes to the number of shares in issue.

30 Reserves

		Group		Company	
As at 31 March,		**2022**	**2021**	**2022**	**2021**
	Note	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Capital reserves					
Revaluation reserve	30.1	11,287,818	9,615,953	116,308	116,308
Capital reserve	30.2	19,112,137	12,137	19,100,000	-
Reserve fund	30.3	20,491	20,491	-	-
Total capital reserves		30,420,446	9,648,581	19,216,308	116,308
Revenue reserves					
General reserve	30.4	4,341,675	3,005,189	-	-
Exchange fluctuation reserve	30.5	5,708,382	2,493,085	-	-
Timber reserve	30.6	2,045,527	1,813,045	-	-
Fair value reserve	30.7	(2,875,372)	(702,015)	(7,092,825)	(5,099,857)
Cash flow hedge reserve	30.8	(855,538)	(244,780)	-	-
Total revenue reserves		8,364,674	6,364,524	(7,092,825)	(5,099,857)
Total reserves		**38,785,120**	**16,013,105**	**12,123,483**	**(4,983,549)**

30.1 Revaluation reserve

Revaluation reserve relates to the amount by which the Group has revalued its lands and buildings. There are no restrictions on distribution of these balances to the shareholders.

30.2 Capital reserve

Capital reserve comprises profits retained in order to utilise for the capital commitments. Changes to the capital reserve due to the capital reduction during the year ended 31st March 2022 is disclosed in note 29.2 to these financial statements. This is a non distributable reserve.

30.3 Reserve fund

Reserve fund was created to comply with the Direction No.1 of 2003 (Capital funds) issued by the Central Bank of Sri Lanka. The Company is required to transfer 5% of annual profits to this reserve fund as long as the capital funds are not less 25% of total deposit liabilities.

30.4 General reserve

General reserve reflects the amount the Group has reserved over the years from its earnings.

30.5 Exchange fluctuation reserve

Exchange fluctuation reserve comprises of all foreign exchange differences arising from the translation of foreign subsidiaries in the Group.

30.6 Timber reserve

This represents the unrealised gains arising from the fair value of consumable biological assets (Timber plantations) until the assets are derecognised or impaired.

30.7 Fair value reserve

This represents the cumulative net change in the fair value of equity securities designated at fair value through OCI.

30.8 Cash flow hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

31 Interest bearing loans and borrowings

	Group	
As at 31 March,	**2022**	**2021**
	Rs.'000	**Rs.'000**
Balance as at 1st April	**46,511,441**	**41,894,617**
Acquisition subsidiaries	555,228	-
Exchange difference	14,832,690	2,104,372
New loans obtained	1,472,563	2,415,245
Capital repayment	(3,307,704)	(1,392,134)
Interest expense		
- Charged to the income statement	2,467,973	1,718,067
- Capitalised	629,538	774,149
- Converted to new loans	(629,538)	-
Interest paid	(1,579,905)	(1,020,902)
Transaction cost	15,380	18,027
Balance as at 31st March	**60,967,666**	**46,511,441**
Repayable within one year	9,200,270	5,248,874
Repayable after one year	51,767,396	41,262,567
	60,967,666	**46,511,441**

Notes to the Financial Statements

31.1.1 Analysed by credit terms and security details of term loans

Company	Bank / financial institution/ lender	Loan No.	Sector	Currency	Interest rate basis
Aitken Spence PLC	Hatton National Bank PLC	Loan 1	Tourism	USD	Linked to LIBOR
		Loan 2	Tourism	USD	Linked to LIBOR
		Loan 3	Strategic	LKR	Linked to AWPLR
		Loan 4	Tourism	USD	Fixed Rate
		Loan 5	Tourism	USD	Linked to LIBOR
		Loan 6	Services	LKR	Linked to AWPLR
		Loan 7	Tourism	USD	Linked to LIBOR
		Loan 8	Tourism	LKR	Fixed Rate
		Loan 9	Strategic	LKR	Linked to AWPLR
		Loan 10	Tourism	USD	Linked to LIBOR
		Loan 11	Tourism	LKR	Fixed Rate
		Loan 12	Tourism	LKR	Fixed Rate
		Loan 13	Tourism	LKR	Fixed Rate
		Loan 14	Tourism	LKR	Fixed Rate
	DFCC Bank PLC	Loan 1	Tourism	USD	Linked to LIBOR
		Loan 2	Strategic	LKR	Linked to AWPLR
		Loan 3	Tourism	LKR	Linked to AWPLR
		Loan 4	Tourism	USD	Fixed Rate
		Loan 5	Tourism	LKR	Linked to T-Bill rate
		Loan 6	Strategic	LKR	Fixed Rate
		Loan 7	Strategic	LKR	Linked to AWPLR
		Loan 8	Strategic	LKR	Fixed Rate
		Loan 9	Strategic	LKR	Linked to AWPLR
		Loan 10	Strategic	LKR	Linked to AWPLR
		Loan 11	Tourism	LKR	Fixed Rate
		Loan 12	Strategic	LKR	Linked to AWPLR
		Loan 13	Strategic	USD	Linked to LIBOR
	The Hongkong and Shanghai Banking Corporation	Loan 1	Tourism	EUR	Fixed Rate
		Loan 2	Tourism	OMR	Fixed Rate
		Loan 3	Tourism	USD	Linked to LIBOR
		Loan 4	Tourism	EUR	Fixed Rate
		Loan 5	Tourism	USD	Linked to LIBOR
		Loan 6	Strategic	EUR	Linked to EURIBOR
	People's Bank	Loan 1	Tourism	USD	Linked to LIBOR
		Loan 2	Strategic	LKR	Linked to AWPLR
		Loan 3	Tourism	USD	Linked to LIBOR
	ABANCA Corporación Bancaria	Loan 1	Tourism	EUR	Linked to EURIBOR
	DEG - German Investment Corporation	Loan 1	Strategic	USD	Linked to LIBOR
	Bank of Ceylon	Loan 1	Strategic	LKR	Linked to AWPLR
		Loan 2	Strategic	LKR	Fixed Rate
	Habib Bank	Loan 1	Tourism	LKR	Linked to T-Bill rate
		Loan 2	Tourism	LKR	Linked to AWPLR
		Loan 3	Tourism	LKR	Linked to T-Bill rate
	Muslim Commercial Bank	Loan 1	Strategic	LKR	Linked to AWPLR
	Commercial Bank of Ceylon PLC	Loan 1	Strategic	LKR	Fixed Rate
	Sampath Bank PLC	Loan 1	Tourism	LKR	Fixed Rate
	Seylan Bank PLC	Loan 1	Strategic	LKR	Fixed Rate
	Transaction cost to be amortised				
	Total				

Secured	Repayment terms	Maturity	Rs. equivalent
Yes	Monthly instalments commencing April 2022	Nov-2025	10,511,184
Yes	Repayment commenced. Monthly instalments and a 52% final bullet payment at maturity	Mar-2026	1,887,959
Yes	Repayment commenced. Quarterly instalments	Jun-2028	1,771,967
Yes	Repayment commenced. Monthly instalments	Oct-2024	808,485
Yes	Repayment commenced. Monthly instalments	Apr-2024	477,555
No	Monthly instalments commencing April 2022	Mar-2025	150,792
Yes	Repayment commenced. Monthly instalments	May-2024	89,397
No	Monthly instalments commencing July 2022	Sep-2023	67,000
No	Quarterly instalments commencing December 2022	Sep-2028	64,556
Yes	Repayment commenced. Monthly instalments	Oct-2024	46,824
No	Monthly instalments commencing July 2022	Sep-2023	25,000
No	Monthly instalments commencing January 2023	Sep-2023	12,400
No	Monthly instalments commencing July 2022	Dec-2023	4,713
No	Monthly instalments commencing July 2022	Dec-2023	2,508
			15,920,340
Yes	Monthly instalments commencing April 2022	Nov-2025	7,729,044
Yes	Repayment commenced. Quarterly instalments	Jun-2028	1,832,464
Yes	Monthly instalments commencing July 2022	Feb-2027	566,098
Yes	Repayment commenced. Monthly instalments	Oct-2023	540,150
Yes	Monthly instalments commencing July 2022	Sep-2023	270,902
Yes	Repayment commenced. Monthly instalments	Aug-2025	142,073
Yes	Repayment commenced. Monthly instalments	Aug-2025	66,949
Yes	Repayment commenced. Monthly instalments	Mar-2023	45,580
Yes	Repayment commenced. Monthly instalments	Oct-2025	41,894
Yes	Repayment commenced. Monthly instalments	Mar-2023	24,551
Yes	Monthly instalments commencing July 2022	Jun-2024	14,609
Yes	Repayment commenced. Monthly instalments	Sep-2022	11,059
Yes	Repayment commenced. Monthly instalments	Jun-2022	3,470
			11,288,843
Yes	54 monthly instalments commencing July 2022 and a 52% final bullet payment at maturity	Apr-2026	5,843,487
Yes	Repayment commenced. Quarterly instalments	Sep-2025	1,958,513
Yes	Bullet repayment at maturity	Jul-2025	1,499,674
Yes	Monthly instalments commencing July 2022	Sep-2023	247,383
Yes	Monthly instalments commencing July 2022	Dec-2022	233,018
Yes	Repayment commenced. Monthly instalments	Sep-2022	22,520
			9,804,595
Yes	Quarterly instalments commencing July 2022	Oct-2026	4,911,493
Yes	Repayment commenced. Quarterly instalments	Jun-2028	2,748,541
Yes	Repayment commenced. Monthly instalments	Mar-2023	161,254
			7,821,288
Yes	Repayment commenced. Quarterly instalments and 72% final bullet repayment at maturity	Apr-2025	5,334,356
			5,334,356
No	Repayment commenced. Semi-annual instalments	Jan-2026	4,739,218
			4,739,218
Yes	Repayment commenced. Quarterly instalments	Jun-2028	1,833,300
No	Repayment commenced. Monthly instalments	Feb-2023	460,091
			2,293,391
Yes	Quarterly instalments commencing July 2022	Apr-2024	581,011
Yes	Quarterly instalments commencing April 2022	Jul-2022	134,200
Yes	Quarterly instalments commencing July 2022	Jul-2022	8,158
			723,369
Yes	Repayment commenced. Monthly instalments	Jul-2023	44,080
			44,080
Yes	Repayment commenced. Monthly instalments	Jul-2022	5,559
			5,559
Yes	Repayment commenced. Monthly instalments	Nov-2023	2,202
			2,202
No	Repayment commenced. Monthly instalments	Sep-2022	4,992
			4,992
			(30,263)
			57,951,970

Company	Bank / financial institution/ lender	Loan No.	Sector	Currency	Interest rate basis
Negombo Beach Resort (Pvt) Ltd	**Hatton National Bank PLC**	Loan 1	Tourism	LKR	Linked to AWPLR
		Loan 2	Tourism	LKR	Linked to AWPLR
		Loan 3	Tourism	LKR	Linked to AWPLR
		Loan 4	Tourism	LKR	Linked to AWPLR
	Stassen Exports (Pvt) Ltd	Shareholder Loan 1	Tourism	LKR	Linked to AWPLR
	Total				
Madulsima Plantations PLC	**Hatton National Bank PLC**	Loan 1	Plantations	LKR	Linked to AWPLR
	Total				
Balangoda Plantations PLC	**Hatton National Bank PLC**	Loan 1	Agriculture	LKR	Linked to AWPLR
	Total				
Texpro Industries (Pvt) Ltd	**Hatton National Bank PLC**	Loan 1	Dyeing & Printing of greige	USD	Linked to LIBO
	Bank of Ceylon	Loan 1	Dyeing & Printing of greige	USD	Linked to LIBO
	People's Bank	Loan 1	Dyeing & Printing of greige	LKR	Fixed Annual
	Total				
Melsta Laboratories (Pvt) Ltd	**Commercial Bank of Ceylon PLC**	Loan 1	Healthcare	LKR	Fixed Annual Interest Rate
		Loan 2	Healthcare	LKR	Fixed Annual Interest Rate
	Total				
Grand Total					

Secured	Repayment terms	Maturity	Rs. equivalent
Yes	120 Monthly instalments commencing from March 2017	Feb 2027	1,055,332
Yes	112 Monthly instalments commencing from November 2017	Feb 2027	628,740
Yes	Jaya-Isuzu-Scheme repayable in 24 monthly instalments commencing from October 2019	Sep 2021	156,305
Yes	Interest of two term loans from April 2019 to March 2020 have accrued and capitalized to a term loan	Feb 2027	234,742
			2,075,119
No	Repayable in 7 years with a grace period of two years.	Jul 2024	189,943
			189,943
Yes	20 equal quarterly instalments commencing from November 2018	Aug-2023	180,000
			180,000
Yes	60 monthly instalments after a grace period of 60 months from the date of 1st disbursement	Jun-2024	191,668
			191,668
Yes	59 Equal monthly installments of USD 8,400 + USD 4,400 in 60th Month	Sep-2026	132,124
			132,124
Yes	First 24 Months - $ 3000 and 25- 60 months at $ 9,223	Mar-2027	118,723
			118,723
Yes	In equal monthly installment a period of 18 months	Sep-2022	7,808
			7,808
			258,655
No	48 monthly instalments commencing from Jan 2022	Dec-2025	46,874
No	48 monthly instalments commencing from March 2022	Feb-2026	73,438
			120,312
			60,967,666

32 Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised due to application of SLFRS 16 - Lease, and its movements during the year ended 31 March 2022.

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April	14,521,555	12,606,157	-	-
Exchange difference	5,584,784	848,577	-	-
Remeasurement of Right of Use Asset and other adjustments	354,523	8,599	-	-
New leases obtained	496,237	1,146,073	36,088	-
Payment of lease liabilities	(2,475,409)	(984,759)	(8,326)	-
Termination of existing leases	(128,432)		-	-
Acquisition of Subsidiaries	6,775	-	-	-
Interest expense	-	-	-	-
- Charged to the income statement	909,897	894,159	2,433	-
- Capitalised under property, plant and equipment	-	2,749	-	-
- Capitalised under biological assets	2,199		-	-
Balance as at 31st March	19,272,129	14,521,555	30,195	-
Current portion of lease liabilities	2,240,653	1,965,241	6,336	-
Non-current portion of lease liabilities	17,031,476	12,556,314	23,859	-

The above lease liability consist of the lease liabilities relating to the following components within the group.

Component	Asset type
Balangoda Plantations PLC	Lease hold right to JEDB/SLSPC Land
Aitken Spence PLC	Lease hold right of lands, Buildings, Motor vehicles used in the business
Madulsima Plantations PLC	Lease hold right to JEDB/SLSPC Land
Melstacorp PLC	Lease hold right to building

33 Retirement benefit obligations

33.1 Movement in present value of retirement benefit obligations

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Balance as at beginning of the year		3,587,806	3,075,541	10,552	12,020
Acquisition of subsidiaries		3,502	-	-	-
Benefits paid by the plan		(379,297)	(403,626)	-	(269)
Exchange difference		68,343	14,622	-	-
Expense recognized in the in the income statement	31.1.1	683,990	611,901	3,461	3,024
Actuarial (gain) / loss recognized in other comprehensive income		(51,542)	289,368	(2,257)	(4,223)
Balance as at the end of the year		3,912,802	3,587,806	11,756	10,552

The retirement benefit obligations of the Group is based on both internally developed method as recommended by Sri Lanka Accounting Standard No 19 "Employee Benefits" and the actuarial valuation carried out by Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries.

Retirement benefit obligations has been adjusted to reflect new legal requirement of Minimum retirement age of workers Act No.28 of 2021. As a result of plan amendment, the Group's and Company's retirement benefit obligations have been decreased by Rs. 58 Mn and Rs. 0.3 Mn respectively as at the reporting date. A corresponding past service credit was recorgnised in profit or loss during 2021/22.

33.1.1 Expense recognized in the in the income statement

As at 31 March,	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Current service costs	458,949	349,573	2,224	2,160
Past service costs	(58,390)	-	(348)	-
Interest costs	283,431	262,328	1,585	864
	683,990	611,901	3,461	3,024

33.1.2 Actuarial assumptions

Principal actuarial assumptions at the reporting date

As at 31 March,	Group 2022	Group 2021	Company 2022	Company 2021
Discount rate (%)	11 -15.5%	6.5 - 10%	11-15.5%	9%
Future salary increases (%)	3-11%	5 - 11%	10%	4%
Staff turnover (%)	10-20%	10 - 20%	18%	21%
Retirement age (years)	60-75 Years	55-75 Years	60-75 Years	55-75 Years

33.3 Sensitivity of assumptions used

If one percentage increase in the assumptions, would have the following effects.

As at 31 March,	2022				2021			
	Group		Company		Group		Company	
	Discount rate	Salary increment rate	Discount rate	Salary increment rate	Discount rate	Salary increment rate	Discount rate	Salary increment rate
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Effect on retirement benefit obligation liability-Increased/(Decreased)								
Increase by 1%	(200,154)	265,202	105	(463)	(242,472)	282,363	(375)	410
Decrease by 1%	239,213	(225,812)	(439)	481	277,942	(250,289)	394	(397)
Effect on comprehensive Income, Increased/(Decreased)								
Increase by 1%	200,154	(265,202)	(105)	463	242,472	(282,363)	375	(410)
Decrease by 1%	(239,213)	225,812	439	(481)	(277,942)	250,289	(394)	397

33.4 Maturity analysis of the payments

As at 31 March,	Group 2022 Rs.'000	Company 2022 Rs.'000
Within one year	537,888	16
Between 1-2 years	635,349	270
Between 2-5 years	705,208	3,200
Beyond 5 years	2,034,357	8,270
	3,912,802	**11,756**

34 Other liabilities

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000
Non current liabilities			
Deferred grants and subsidies	34.1	258,916	272,461
Amounts due to equity accounted investees	34.3	481,452	390,293
		740,368	662,754
Current liabilities			
Deferred revenue	34.2	5,150	5,010
		5,150	5,010

34.1 Deferred grants and subsidies

As at 31 March,	Group 2022 Rs.'000	Group 2021 Rs.'000
Balance at the beginning of the year	272,461	287,695
Grants received during the year	1,182	-
Amortisation for the year	(14,727)	(15,234)
Balance at the end of the year	**258,916**	**272,461**

Balangoda Plantation PLC has received funding from the Plantation Housing and Social Welfare Trust and Plantation Development Project (PDP) for the development of workers facilities such as re-roofing of line rooms, latrines, water supply, sanitation and roads etc. The amounts spent are included under the relevant classification of property, plant & equipment and the grant component is reflected under deferred grants and subsidies. Grants are amortized over the life of the assets for which they are deployed.

The above amount represent funding received by Balangoda Plantations PLC and Madulsima Plantations PLC from various governmental and non-governmental Institutions for social and infrastructure development of estates.

34.2 Deferred revenue

As at 31 March,	Group 2022 Rs.'000	Group 2021 Rs.'000
Balance at the beginning of the year	5,010	8,702
Revenue received during the year	13,596	4,259
Deferred revenue recognized during the year	(13,456)	(7,951)
Balance at the end of the year	5,150	5,010
Deferred revenue to be recognized within one year	5,150	5,010
Deferred revenue to be recognized after one year	-	-
	5,150	5,010

This balance represents the revenue received in advance related to the telecommunication sector of the Group.

34.3 Amounts due to equity accounted investees

This represents the long-term advances received by Aitken Spence PLC group from its equity accounted investees.

35 Trade and other payables

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Financial liabilities					
Trade payables		8,180,414	4,789,257	-	-
Insurance contract liabilities		3,759,476	3,798,362	-	-
Dividend payable		3,361,333	17,123	3,146,572	-
Other financial liabilities		19,546,470	6,628,742	2,163	2,448
Refundable advances and deposits		950,865	783,086	263	-
		35,798,558	16,016,570	3,148,998	2,448
Non financial liabilities					
Accrued expenses		3,785,080	3,505,153	4,272	4,213
Other non financial liabilities		3,583,813	3,403,662	-	-
Direct and indirect taxes payables	35.1	6,885,248	5,555,145	30	34
Non refundable advances and deposits		-	3,250	-	-
Unclaimed dividends		271,634	218,997	69,720	25,324
		14,525,775	12,686,207	74,022	29,571
		50,324,333	28,702,777	3,223,020	32,019

35.1 Direct and indirect taxes payables

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Excise duty payable		5,291,798	4,235,768	-	-
Value added tax (VAT) payable		1,212,390	891,949	-	-
Other statutory payables		381,060	427,428	30	34
		6,885,248	5,555,145	30	34

36 Related party disclosures

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 - Related Party Disclosures, the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

36.1 Balances with related companies

36.1.1 Amounts due from related companies

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Subsidiaries	36.1.3	-	-	2,313,973	642,895
Equity accounted investees	36.1.4	206,381	449,614	-	-
Other related companies	36.1.5	11,578	13,930	-	-
		217,959	463,544	2,313,973	642,895

36.1.2 Amounts due to related companies

As at 31 March,	Note	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Subsidiaries	36.1.3	-	-	391,688	418,232
Equity accounted investees	36.1.4	1,323,502	215,142	-	-
Other related companies	36.1.5	643,017	500,016	-	-
		1,966,519	715,158	391,688	418,232

36.1.3 Subsidiaries

As at 31 March,	Company			
	Amounts due from		Amounts due to	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Bell Solutions (Pvt) Ltd	483	635	-	-
Bellvantage (Pvt) Ltd	34	-	-	171
Continental Insurance Lanka Limited	9,950	10,024	-	-
Distilleries Company of Sri Lanka PLC	-	-	390,793	363,488
Lanka Bell Ltd	-	-	46	34
Melsta Health (Pvt) Ltd	145,881	307,881	-	-
Melsta Laboratories (Pvt) Ltd	402	2,150	-	-
Melsta Logistics (Pvt) Ltd	281	-	-	117
Melsta Properties (Pvt) Ltd	-	-	795	-
Melsta Technologies (Private) Limited	207	179	-	-
Melsta Tower (Private) Limited	6,225	6,288	-	-
Milford Holdings (Pvt) Ltd	2,983,280	-	-	54,366
Periceyl (Pvt) Ltd	3	3	-	-
Splendor Media (Pvt) Ltd	240	-	-	-
Telecom Frontier (Pvt) Ltd	2,288	2,288	-	-
Melsta Healthcare Colombo (Pvt) Ltd	326,818	301,018	-	-
Melsta Hospitals Ragama (Pvt) Ltd	-	19,649	-	-
Formula World (Pvt) Ltd	-	-	54	56
	3,476,092	650,115	391,688	418,232
Provision for impairment of amounts due from subsidiaries **(Note 36.1.3.1)**	(1,162,119)	(7,220)	-	-
	2,313,973	642,895	391,688	418,232

36.1.3.1 Provision for impairment

As at 31 March,	Company	
	2022	2021
	Rs.'000	Rs.'000
Balance at the beginning	7,220	-
Net charge for the year	1,154,899	7,220
Balance at the end	1,162,119	7,220

36.1.4 Equity accounted investees

Balances due from/due to joint ventures, Ace Bangladesh Ltd, Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, CINEC Campus (Pvt) Ltd, CINEC Skills (Pvt) Ltd, EcoCorp Asia (Pvt) Ltd and balances due from/due to associates, AEN Palm Oil Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Browns Beach Hotels PLC, Elpitiya Plantations PLC, Negombo Beach Resorts (Pvt) Ltd, Paradise Resort Pasikudah (Pvt) Ltd, Serendib Investments Ltd are reflected under amount due from/ due to equity accounted investees.

36.1.5 Other related companies

As at 31 March,	Note	Group Amounts due from 2022 Rs.'000	Group Amounts due from 2021 Rs.'000	Group Amounts due to 2022 Rs.'000	Group Amounts due to 2021 Rs.'000
Ambewela Livestock Co.Ltd		-	6,157	-	-
Ambewela Products (Pvt) Ltd		3,271	80	-	-
Elpitiya Plantations PLC		-	989	-	-
Lanka Aluminium Industries PLC		-	-	5,834	2,785
Lanka Dairies (Pvt) Ltd		331	342	-	-
Lanka Milk Foods (CWE) PLC		1,738	3,184	-	8,315
Milford Exports Ceylon (Pvt) Ltd		3,357	2	258,754	244,154
Pattipola Livestock Co. Ltd		-	5	-	-
Stassen Export Private Limited	36.1.6	944	776	378,429	244,736
Stassen International (Pvt) Limited		226	86		-
Stassen Foods (Pvt) Ltd		384	531	-	26
Stassen Natural Foods (Pvt) Ltd		4	4	-	-
Merbok MDF Lanka (Private) Limited		1,323	1,774	-	-
		11,578	13,930	643,017	500,016

36.1.6 This includes an interest free loan amounting to USD 1.212 million from Stassens Exports (Private) Limited taken by Texpro Industries Limited. The Company has to settle this loan on demand. Hence, it has been classified under current liabilities and no fair value adjustments have been made.

Notes to the Financial Statements

36.2 Transactions with related parties

36.2.1 Transactions with subsidiaries, associates and other related companies

Name of the company	Names of directors	Nature of interest	Nature of transaction	Transaction value Rs.000
Distilleries Company of Sri Lanka PLC	Mr. D. H. S. Jayawardena	Subsidiary Co.	Dividends received/entitled	9,610,109
	Mr. C. R. .Jansz		Rent Income	237,925
	Mr. N. de. S. Deva Aditya		RPT Current A/C Interest Charged by DCSL	28,183
	Capt. K. J. Kahanda (Retd.)		Repurshase of Non voting shares	83
	Dr. Naomal Balasuriya		Reimbursement of expenses by DCSL incurred on behalf of Melstacorp	7,635
	Mr. D. Hasitha S. Jayawardena			
	Mr. R. Seevaratnam			
Splendor Media (Pvt) Ltd.		Subsidiary Co.	Advertizing services obtained	1,841
			Rental Income	142
			Reimbursement of expenses by Melstacorp incurred on behalf of Splendor	98
Periceyl (Pvt) Ltd.	Mr. D. H. S. Jayawardena	Subsidiary Co.	Dividend Received	400,000
	Mr. C. R. Jansz			
	Mr. A. L. Gooneratne			
	Mr. D. Hasitha S. Jayawardena			
Milford Holding (Pvt) Ltd.	Mr. D. H. S.J ayawardena	Subsidiary Co.	Capital repayment	220
	Mr. C. R. Jansz		Interest on RPT Advances received	4,418
	Capt. K. J. Kahanda (Retd.)		Interest on RPT Advances Given	41,879
			Capital repayment of advances received	220
			Working capital Loan given	3,000,000
Bellvantage (Private) Ltd.	Mr. A. L. Gooneratne	Subsidiary Co.	Dividend Received	40,001
			Rent charged	2,178
			Raimbersement of expenses incured by BV on behalf of Melstacorp	118
			Services Obtained	849
			Raimbersement of expenses incured by Melstacorp on behalf of Bellvantage	507
Melsta Health (Pvt) Ltd.	Mr. D. H. S. Jayawardena	Subsidiary Co.	Grant of Advances as Capital	15,000
	Mr. C. R. Jansz		Capitalization of RPT Current Account	177,000
	Mr. A. L. Goonaratne			
	Mr. D. Hasitha S. Jayawardena			
Melsta Logistic (Pvt) Ltd.	Mr. A. L. Gooneratne	Subsidiary Co.	Dividend Received	319,500
Negombo Beach Resort (Pvt) Ltd.	Mr. D. H. S. Jayawardena	Subsidiary Co.	Interest income on Loans	39,543
	Mr. A. L. Gooneratne (Rsg. w.e.f. 30.06.22)			
Melsta Tower (Pvt) Ltd.	Mr. A. L. Gooneratne	Subsidiary Co.	Reimbursement of expenses made bt Tower on behalf of Melstacorp	89
Melsta Properties (Pvt) Ltd.	Capt. K. J. Kahanda (Retd.)	Subsidiary Co.	Interest Charged on RPT Current A/C	503
			Short term loans received	15,000
			Capital and Interest Repaid	15,503
			Reimbursement of expenses	663
			Rentals charged	8,326
			Dividends received	55,648

Name of the company	Names of directors	Nature of interest	Nature of transaction	Transaction value Rs.000
Bogo Power (Pvt) Ltd.	Mr. D. H. S. Jayawardena	Subsidiary Co.	Dividend Received	39,720
	Mr. A. L. Gooneratne			
	Mr. C. R. Jansz (Appointed w.e.f. 01.01.22)			
Balangoda Plantations PLC	Mr. D. H. S. Jayawardena	Subsidiary Co.	Loans Granted	140,046
	Mr. C. R. Jansz		Interest on Loans	267,646
	Mr. A. L. Goonaratne		Settlement of Loans with Int.	140,000
	Mr. D. Hasitha S. Jayawardena			
Madulsima Plantations PLC	Mr. D. H. S. Jayawardena	Subsidiary Co.	Loans Granted	722,200
	Mr. C. R. Jansz (Appointed w.e.f. 01.01.22)		Interest on Loans	268,339
	Mr. D. Hasitha S. Jayawardena		Settlement of Loans with Int.	588,695
Continental Insurance Lanka Ltd.	Mr. A. L. Gooneratne (Rsg. w.e.f. 30.06.22)	Subsidiary Co.	Capital Infuced	500,000
			Insurance premiums paid	3,072
Lanka Bell Ltd.	Mr. D. H. S. Jayawardena	Subsidiary Co.	Telephone and Internet charges	305
	Mr. C. R. Jansz		Settlement of loans	3,000,000
	Mr. A. L. Gooneratne		Advances given	974,400
			Trf of Land and Buildings	193,000
			Write-off of Accumulated Interest receivable as at 30-06-2021	1,825,530
			Interest charged	133,445
Melsta Technologies (Pvt) Ltd.		Subsidiary Co.	Dividends received	40,000
			Short Term Advances settled	-
			Purchase of IT Equipments and Software	39
			Rent income	1,076
			Reimbursement of expense incurred by MC on behalf of MTECH	1,100
Bell Solutions (Pvt) Ltd.	Mr. D. H. S. Jayawardena	Subsidiary Co.	Purchase of IT Equipments and Software	769
	Mr. A. L. Gooneratne			
Aitken Spence Travels (Pvt) Ltd	Mr. D. H. S. Jayawardena	Subsidiary Co.	Services obtained	1,283
Aitken Spence PLC	Mr. D. H. S. Jayawardena	Subsidiary Co.	Dividends received	204,314
	Mr. N. de. S. Deva Aditya			
Aitken Spence Printing and Packaging (Pvt) Ltd.		Subsidiary Co.	Printing Services Obtained	3,671
Melsta Hospitals Ragama (Pvt) Ltd	Mr. C. R. Jansz	Subsidiary Co.	Settlement of short term funds advanced by MC	19,649
	Mr. A. L. Gooneratne			
	Mr. D. Hasitha S. Jayawardena			
Melsta Healthcare Colombo (Pvt) Ltd	Mr. A. L. Gooneratne	Subsidiary Co.	Interest charged on share holder loan	25,800
Stassens Exports (Pvt) Ltd	Mr. D. H. S. Jayawardena	Common Control	Reimbursment of expenses	1,009
	Mr. C. R. Jansz			
	Mr. D. Hasitha S. Jayawardena			
Melsta Laboratories (Pvt) Ltd	Mr. A. L. Goonaratne	Subsidiary Co.	Rent income	6,000
			Laboratory services provided	100
			Reimbursement of expenses made bt MLAB on behalf of Melstacorp	392
Formula World (Pvt) Ltd	Mr. A. L. Gooneratne (Rsg. w.e.f. 10.02.22)	Subsidiary Co.	Vehicle repaire charges	1,542
Lanka Milk Foods (CWE) PLC	Mr. D. H. S. Jayawardena	Related Co.	Dividend Received	64,180
	Mr. C. R. Jansz			
	Mr. D. Hasitha S. Jayawardena			

Notes to the Financial Statements

36.2.2 Transactions with key management personnel

According to Sri Lanka Accounting Standard LKAS 24 - Related Party Disclosures, key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the board of directors (including executive and non-executive directors) and their immediate family member have been classified as key management personnel of the Company.

The immediate family member is defined as spouse or dependent. Dependent is defined as anyone who depends on the respective director for more than 50% of his/her financial needs.

36.2.2.1 Compensations to key management personnel

There were no compensation paid to Key Management Personnel during the year other than those disclosed below.

	Group		Company	
For the year ended 31March,	**2022**	**2021**	**2022**	**2021**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Short term employee benefits	1,022,647	718,474	52,254	50,202
Post employment benefits	5,665	27,341	-	-

36.2.2.2 Loans to directors

There were no loans granted to Directors during the year.

36.2.3 There are no non-recurrent related party transactions exceeding 10% of the total assets of the entity as per audited financial statements, whichever is lower (CSE ruling)

36.2.4 There are no Recurrent Related Party Transactions, where the aggregate value of the recurrent Related Party Transactions exceeds 10% of the Group gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity. (CSE Ruling).

37 Financial instruments

37.1 Accounting classification of financial instruments

37.1.1 Accounting classification of financial assets and financial liabilities

Group

As at 31 March,	Note	Assets at amortized cost 2022 Rs.'000	Assets at amortized cost 2021 Rs.'000	Assets at fair value through profit and loss (FVTPL) 2022 Rs.'000	Assets at fair value through profit and loss (FVTPL) 2021 Rs.'000	Assets at fair value through OCI 2022 Rs.'000	Assets at fair value through OCI 2021 Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
Non current assets									
Other non current financial investments	23	3,466,781	2,746,266	-	-	26,640,276	27,726,991	30,107,057	30,473,257
Current Assets									
Trade and other receivables	25	27,995,186	21,459,383	-	-	-	-	27,995,186	21,459,383
Amounts due from related companies	36.1.1	217,959	463,544	-	-	-	-	217,959	463,544
Other current financial investments	23	26,505,373	15,507,131	1,495,147	2,532,666	-	-	28,000,520	18,039,797
Cash and cash equivalents	27	24,902,636	12,685,900	-	-	-	-	24,902,636	12,685,900
		83,087,936	52,862,224	1,495,147	2,532,666	26,640,276	27,726,991	111,223,358	83,121,881

Company

As at 31 March,	Note	Assets at amortized cost 2022 Rs.'000	Assets at amortized cost 2021 Rs.'000	Assets at fair value through profit and loss (FVTPL) 2022 Rs.'000	Assets at fair value through profit and loss (FVTPL) 2021 Rs.'000	Assets at fair value through OCI 2022 Rs.'000	Assets at fair value through OCI 2021 Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
Non current assets									
Other non current financial investments	23	1,677,588	1,833,766	-	-	24,504,123	25,448,575	26,181,711	27,282,341
Current Assets									
Trade and other receivables	25	668	263,712	-	-	-	-	668	263,713
Amounts due from related companies	36.1.1	2,313,973	642,895	-	-	-	-	2,313,973	642,895
Other current financial investments	23	6,575,438	9,785,897	212,137	1,083,229	-	-	6,787,575	10,869,126
Cash and cash equivalents	27	212,665	10,760	-	-	-	-	212,665	10,760
		10,780,332	12,537,030	212,137	1,083,229	24,504,123	25,448,575	35,496,592	39,068,835

37.1.2 Accounting classification of financial liabilities

		Group					
	Note	Financial liabilities at fair value through profit or loss		Financial liabilities measured at amortized cost		Total	
As at 31 March,		2022	2021	2022	2021	2022	2021
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non current Liabilities							
Interest bearing loans and borrowings	31	-	-	51,767,396	41,262,567	51,767,396	41,262,567
Lease liabilities	32	-	-	17,031,476	12,556,314	17,031,476	12,556,314
Current Liabilities							
Trade and other payables	35	-	-	35,798,558	16,016,570	35,798,558	16,016,570
Amount due to related companies	36.1.2	-	-	1,966,519	715,158	1,966,519	715,158
Interest bearing loans and borrowings	31	-	-	9,200,270	5,248,874	9,200,270	5,248,874
Bank overdrafts and other short term borrowings	27	-	-	23,423,392	27,467,092	23,423,392	27,467,092
Lease liabilities	32	-	-	2,240,653	1,965,241	2,240,653	1,965,241
		-	-	141,428,244	105,231,816	141,428,244	105,231,816

		Company					
	Note	Financial liabilities at fair value through profit or loss		Financial liabilities measured at amortized cost		Total	
As at 31 March,		2022	2021	2022	2021	2022	2021
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non current liabilities							
Lease Liability	32	-	-	23,859	-	23,859	-
Current Liabilities							
Trade and other payables	35	-	-	3,148,998	2,448	3,148,998	2,448
Amount due to related companies	36.1.2	-	-	391,688	418,232	391,688	418,232
Bank overdrafts and other short term borrowings	27	-	-	10,721,143	9,364,103	10,721,143	9,364,103
Lease Liability	32	-	-	6,336	-	6,336	-
Total		-	-	14,292,024	9,784,783	14,292,024	9,784,783

38 Fair value measurement

38.1 Fair value measurement hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

		Group							
		Level 1		Level 2		Level 3		Total	
As at 31 March,		2022	2021	2022	2021	2022	2021	2022	2021
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non current assets									
Property plant and equipment									
Freehold land	15		-	-	-	28,469,115	24,736,469	28,469,115	24,736,469
Freehold buildings	15		-	-	-	68,175,336	57,306,506	68,175,336	57,306,506
Investment properties									
Freehold land	17		-	-	-	6,505,078	6,011,098	6,505,078	6,011,098
Freehold buildings	17		-	-	-	954,533	644,804	954,533	644,804
Consumable biological assets	18.2		-	-	-	6,373,610	5,938,521	6,373,610	5,938,521
Other non current financial investments									
Fair value through OCI	23.1								
Quoted equity securities	23.1.1	26,111,347	27,034,360	-	-	-	-	26,111,347	27,034,360
Unquoted equity securities	23.1.2	-	-	-	-	276,033	200,804	276,033	200,804
Investments in unit trusts	23.1.3	-	21,495	-	-		-	-	21,495
Government securities	23.1.4	53,848	270,732	-	-	-	-	53,848	270,732
Quoted debt securities	23.1.5	199,048	199,600	-	-	-	-	199,048	199,600
Current assets									
Other current financial investments									
Fair value through profit or loss (FVTPL) financial investments	23.2								
Quoted equity securities	23.2.1	335,120	1,389,567	-	-		-	335,120	1,389,567
Investments in unit trusts	23.2.2	1,160,027	1,143,099	-	-		-	1,160,027	1,143,099
		27,859,390	**30,058,853**	**-**	**-**	**110,753,705**	**94,838,202**	**138,613,095**	**124,897,055**

		Company							
		Level 1		Level 2		Level 3		Total	
As at 31 March,		2022	2021	2022	2021	2022	2021	2022	2021
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non current assets									
Investment properties		-	-	-	-	6,586,161	5,462,676	6,586,161	5,462,676
Other non current financial investments									
Fair value through OCI	23.1								
Quoted equity securities	23.1.1	24,504,123	25,448,575	-	-	-	-	24,504,123	25,448,575
Current assets									
Other current financial investments									
Fair value through profit or loss (FVTPL) financial investments	23.2								
Quoted equity securities	23.2	212,137	1,083,229	-	-	-	-	212,137	1,083,229
		24,716,260	26,531,804	-	-	6,586,161	5,462,676	31,302,421	31,994,480

38.2 Reconciliation of fair value measurement of "Level 3" financial instruments

The following table shows a reconciliation from the opening balance to the closing balance for level 3 fair values.

	Group
	Unquoted equity securities
	Rs.'000
Balance as at 31st March 2021	200,804
Exchange difference	78,341
Additions during the year	3,223
Disposals during the year	(823)
Total gains and losses recognised in other comprehensive income	
- Net change in fair value of financial assets measured at FVOCI (unrealised)	(5,512)
Balance as at 31st March 2022	276,033

38.3.1 Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

38.3.2 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used by both the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used.

38.4.1 Assets and liabilities measured at fair value - recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Property, plant and equipment			
Freehold land	Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land	Estimated fair value would increase (decrease) if; Price per perch increases (decreases)
Freehold building	Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per sq.ft of building	Estimated fair value would increase (decrease) if; Price per sq.ft increases (decreases)
Investment properties			
Lands	Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land	Estimated fair value would increase (decrease) if ; Price per perch increases (decreases)
Buildings	Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per sq.ft of building	Estimated fair value would increase (decrease) if; Price per sq.ft increases (decreases)

Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Other financial assets			
Unquoted equity securities/ Investments in unit trusts	Net assets basis The net assets of the investments are ranging from Rs. 2 - Rs. 2,050	Carrying value of assets and liabilities adjusted for market participant assumptions.	Variability of inputs are insignificant to have an impact on fair values.

38.4.2 Assets and liabilities for which fair values are disclosed - recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
Investment property		
Freehold land	Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land
Other financial assets		
Unquoted debt securities	Discounted cash flows	Current market interest rates
Other bank deposits		
Interest-bearing liabilities	Discounted cash flows	Current market interest rates

38.4.3 Assets and liabilities measured at fair value - non-recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
Assets classified as held for sale	- Valued at the cash available with the disposal group held for sale.	Not applicable

39 Amount due from the Secretary to the Treasury on Account of SLIC

a) In respect of shares

As per the Judgment delivered by the Supreme Court of the Democratic Socialist Republic of Sri Lanka on 4 June 2009 it was declared and directed that the shares of SLIC purported to have been sold to Distilleries Consortium on 11 April 2003 along with any shares purchased from employees as per SSPA shall be deemed to have been held for and on behalf of the Secretary to the Treasury.

As directed by the said judgment, the Secretary to the Treasury returned Rs.5,716 Mn in 2010/11 that was paid by Group Subsidiary Milford Holdings (Pvt) Limited (MHL) to purchase shares from SLIC.

b) In respect of profits earned

Furthermore, MHL was entitled to retain the profits of SLIC derived by MHL from 11 April 2003 to 04 June 2009 in lieu of the interest for the aforesaid investment. The Secretary to the Treasury was directed to cause profits of SLIC to be computed and audited from the date of the last audited Reporting of SLIC to 04 June 2009 to enable MHL to obtain such profits.

However, Secretary to the Treasury has not yet determined the value of profits to be retained by the MHL; hence no adjustments were made to the financial statements in this regards.

The Group has initiated legal actions to recover the said dues.

40 Impact of Revival of Underperforming Enterprises and Underutilized Assets Bill – Pelwatte Sugar Industries PLC Group (PSIP)

Consequent to the enactment and passage of the above Act of Parliament on 9 November 2011, the state officials are occupying the land leased to PSIP. As the leasing of the land to PSIP was done in 1985, and the above mentioned Act empowers the vesting of land leased during a period of 20 years before the enactment of the Act. The Company believes that the land that was used by PSIP have not been vested in the state. At this moment the management is unable to comment further on the implications on the ruling as the Company is awaiting instructions by the Secretary to the Treasury.

Financial results up to 30 September 2011 were consolidated to Group results for the year ended 31 March 2012. Subsequent financial results have not been incorporated to the Group results due to non accessibility of the information. Subsequently a Compensation Tribunal was formed as required by the Act. Without assuming any liability or without any prejudice to, or impact on its rights, PSIP has submitted a claim to the Compensation Tribunal.

Commercial High Court of Western Province (Colombo Civil) issued a winding-up order of Pelwatte Sugar Industries PLC on 13 March 2013. The Court has appointed P.E.A. Jayewickreme and G.J. David, as the Liquidators.

41 Pending litigations and contingent liabilities

Based on the available information, the Management is of the view that there are no material litigation or clams other than those disclosed below that could have material impact on the financial position on the group. Accordingly, no provision has been made for legal claims in the Financial Statements.

41.1 Splendor Media (Pvt) Ltd.

Labour Tribunal Case (No.LT 01/24/2015) filed by Mr. Ajith Nishantha Withana for requesting for compensation in lieu of removing the employment.

41.2 Aitken Spence PLC-Group

Contingent liabilities as at 31.03.2022 on corporate guarantees given by Aitken Spence PLC to subsidiaries within the group and equity-accounted investees amounted to Rs. 10,830.7 million and Rs. 17.5 million respectively. Contingent liabilities as at 31.03.2022 on corporate guarantees given by subsidiaries and equity-accounted investees to other companies in the Group amounted to Rs. 25,425.1 million. Neither Aitken Spence PLC nor subsidiaries and equityaccounted investee have given corporate guarantees on behalf of companies outside the Group including other related companies.

Tax Appeals Commission decided in favour of Aitken Spence Travels (Pvt) Ltd., a subsidiary of the Group which was assessed by the Department of Inland Revenue on Income tax for the years of assessment 2009/2010, 2010/2011 and 2011/2012.

The Department of Inland Revenue appealed against the above determination to the Court of Appeal for the above years of assessment. The Court of Appeal decided in favour of the company for the years of assessment 2009/2010 and 2010/2011. The Department of Inland Revenue appealed against the Court of Appeal decision for the year of Assessment 2009/2010 to the Supreme Court. Supreme Court hearing the appeal for the year of assessment 2009/2010 refused to grant leave to proceed. Therefore the judgement of the Court of Appeal which was decided in favour of the Company will prevail. The contingent liability on income tax and penalties for year of assessment 2011/2012, pending hearing in the Court of Appeal is estimated to be Rs. 80.6 million. Based on expert advise and the decision of the Tax Appeals Commission, Court of Appeal and the judgement given by the Supreme Court in relation to year of assessment 2009/2010, the directors are confident that the ultimate resolution would be in favour of the Company.

Cey Spence (Pvt) Ltd which was previously an equity accounted investee now under liquidation, and the share of net assets of which is reflected under assets classified as held for sale in the consolidated financial statements of the Group was issued an income tax assessment under the Inland Revenue Act in relation to the year of assessment 2007/2008. The Court of Appeal hearing the appeal has determined the income tax assessment in favour of the Department of Inland Revenue. Pursuant to the determination of the Court of Appeal the company has appealed against the determination to the Supreme Court. The contingent liability to the Group is estimated to be Rs. 70 million inclusive of any penalties. Based on expert advice the directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

Action was instituted in the Commercial High Court in 2009 by a prospective buyer for the repayment of the advance monies and other related amounts paid by them, for the purchase of a ship which was owned by Ceyaki Shipping (Pvt) Ltd., (an Associate company) which is classified as held for sale in the consolidated financial statements of the Group. The company contested the action as it deemed that the amount was not due and owing to the prospective buyer. The Commercial High Court delivered a determination in favour of the prospective buyer in March 2013. Consequently Ceyaki Shipping (Pvt) Ltd., appealed to the Supreme Court against the determination of the Commercial High Court. The directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

41.3 Melsta Properties (Pvt) Ltd

A plaint filed by the company against Sri Lanka Institute of Advanced Technological Education in District Court of Jaffna (Case No 547/2017/C) requesting an enjoining order against the said organisation to entering to the land, which is owned by the Melsta Properties (Private) Limited.

41.4 Melstacorp PLC

The Company has received an income tax assessment dated 9th August 2022 from the Commissioner General of Inland Revenue imposing an additional income tax liability of Rs. 11.4 Bn and a penalty of Rs. 5.7 Bn against the Company for the year of assessment 2016/17 in relation to the Group's restructuring transactions. The Company is in the process of appealing against the said assessment. Having considered the preliminary / procedural and substantive grounds against the assessment raised and on receiving external professional advice the Board of Directors are of the view that it is not likely to result in any tax liability to the Company.

41.5 Distilleries Company of Sri Lanka PLC

The Company has received an income tax assessment dated 9th August 2022 from the Commissioner General of Inland Revenue imposing an additional income tax liability of Rs. 4,078 million and a penalty of Rs. 2,039 million against the Company for the year of assessment 2016/17 in relation to the Group's restructuring transactions. The Company is in the process of appealing against the said assessment. Having considered the preliminary / procedural and substantive grounds against the assessment raised and on receiving external professional advice the Board of Directors are of the view that it is not likely to result in any tax liability to the Company.

42 Capital and other commitments

There were no material capital expenditure approved by the Board of Directors as at 31 March 2022 other than followings;

42.1 Aitken Spence PLC

Commitments for capital expenditure of subsidiaries

	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Approximate amount approved but not contracted for	9,883,620	1,588,384
Approximate amount contracted for but not incurred	1,470,329	1,129,572
	11,353,949	2,717,956

The above includes Rs. 9,841.5 million (2020/2021 - Rs. 1,768.7 million) for the acquisition of property, plant and equipment, Rs. 112.4 million (2020/2021 - Rs. 49.2 million) for the acquisition of intangible assets.

Commitments for capital expenditure for joint ventures.

	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Approximate amount approved but not contracted for	82,870	110,983
Approximate amount contracted for but not incurred	23,216	10,703
	106,086	121,686

The above includes Rs. 106.0 million (2020/2021 - Rs. 114.1 million) for the acquisition of property, plant and equipment and Rs. 0.05 million of acquisition of intangible assets (2020/2021 - Rs. 7.5 million).

42.2 Madulsima Plantations PLC

The capital commitments as at the reporting date budgeted, but not provided for is Rs.261Mn. (2020 Rs. 237Mn)

Notes to the Financial Statements

43 Assets pledged

Following assets have been pledged as securities for liabilities.

Company	Nature of Liability	Security – Description	Security – Asset type	Value of the assets pledged Rs. '000 2022
Balangoda Plantations PLC	Permanent over draft facility	Primary mortgage over the lease hold rights of Walaboda Estates.	Leasehold properties	500,000
Texpro Industries (Pvt) Ltd.	Term Loans and other borrowings	The Company has provided existing primary floating mortgage bond for USD 3.262 Mn over land, building and immovable machinery at Ranala as collateral against the bank facility and borrowings.	Property, Plant and Equipment	1,291,871
Lanka Bell Limited	Term Loans and overdrafts	Short term investment (fixed Deposits) has been pledged as a security against the financing facilities.	Cash and cash equivalants	321,425
Madulsima Plantations PLC	Long term loan	Floating Mortgage Bond for Rs.160mn over Leasehold property at Verellapatana Estate	Leasehold properties	
		Floating Mortgage Bond for Rs.224mn over Leasehold property at Mahadowa Estate		534,000
		Floating Mortgage Bond for Rs.150mn over Leasehold property at Battawatte Estate		
Negombo Beach Resorts (Pvt) Ltd.	Term Loans and overdrafts	Freehold land and building of the Hotel has been mortgaged.	Property, Plant and Equipment	4,011,940
Aitken Spence PLC	Term Loans and overdrafts	Property, Plant and Equipment of the group were pledged	Property, Plant and Equipment	28,972,500
		Equity shares invested in subsidiaries were pledged	Property, Plant and Equipment	4,281,500
	Long term loan	right-of-use assets pledged by the Group as security for interest-bearing liabilities obtained from banks	Investments in Subsidiaries	7,649,300
Splendor Media (Pvt) Ltd	Overdraft	Fixed Deposit	Other Investments	35,306

44 Events after the reporting date

There were no material events occuring after the reporting date that requires adjustments to or disclosure in the Financial Statements other than what is disclosed below.

44.1 Surcharge Tax Act

The Surcharge Tax Act No 14 of 2022 (Act) was certified by the Speaker and published as a Supplement to Part II of the Gazette of the Democratic Socialist Republic of Sri Lanka on 8 th April 2022. As per the said Act, a company or each company of a Group (The holding company and subsidiaries) which meet the chargeability threshold when the aggregate taxable income of the company or all subsidiaries and holding company (excluding the companies with nil taxable income due to losses or unrelieved losses) exceed Rs 2,000 Mn. for year of assessment commencing from 1 st April 2020 will be liable for Surcharge tax at a rate of 25% on the taxable income of the Company or the Group excluding gains and profits from dividends received from subsidiaries. As the law imposing the surcharge tax was enacted after the reporting period end, the financial statements for the year ended 31 st March 2022 do not reflect the tax liability that would arise. However, the Group has paid two installments of surcharge tax each amounting to Rs. 2,117 Mn on 20th April 2022 and 20th July 2022 respectively.

Surcharge Tax liability will be deemed as an expenditure in the financial statements relating to the year of assessment commenced on 1 st April 2020. Accordingly, the above liability will be adjusted in the Reserves in Statement of Changes in Equity during the next reporting period.

44.2 Impact of Exchange rate fluctuations

As disclosed in the Note 45.1.1, the values of assets and liabilities of the Group denominated in foreign currencies have been translated with reference to the yearend spot exchange rates. Subsequent to the reporting date, the exchange rates for the currencies disclosed in Note 45.1.1 to the consolidated financial statements have appreciated significantly against LKR and it would result in changes to the values arising from the subsequent translation of foreign currency assets and liabilities compared to the amounts reported in the Statement of Financial Position as at 31st March 2022.

45 Financial risk management

Financial instruments used by the Group in its business activities contain multiple variables that are affected by various market and environmental conditions. Such variations are generally not within the control of the users, and therefore cause fluctuations in values of financial instruments. Fluctuations in value could result in a situation undesirable to the Group thereby exposing it to risk. These risks need to be managed, as unmanaged risks can lead to unplanned outcomes where the Group could fall short of its financial and budgetary objectives. The Group has adopted a financial risk management strategy aimed at minimising the risks associated with the use of financial instruments by establishing several policies and guidelines that are followed by the companies in the Group. These policies and guidelines are reviewed from time to time and updated to reflect current requirements in accordance with the developments in the operating environment.

Group's core business of beverage is essentially a cash business hence has a short cash cycle. This results in low financial risk adding to greater degree of control of finance. Other sectors such as Telecommunication, Plantation, Insurance, Finance and other diversified holdings exercise policies stemming from Melstacorp's practices of effective financial risk management as common members of the board ensures uniformity. Continental Insurance is exceptional and adhere to an even higher degree of management to comply with IBSL regulatory compliance/guidelines respectively.

Financial instruments

Group's financial instruments consist of ASSETS - its portfolio of equity investments, deposits in banks, accounts receivable. LIABILITIES - Loan obligations, accounts payable, insuarance contract liabilities and other financial liabilities.

Financial risk management objectives and policies

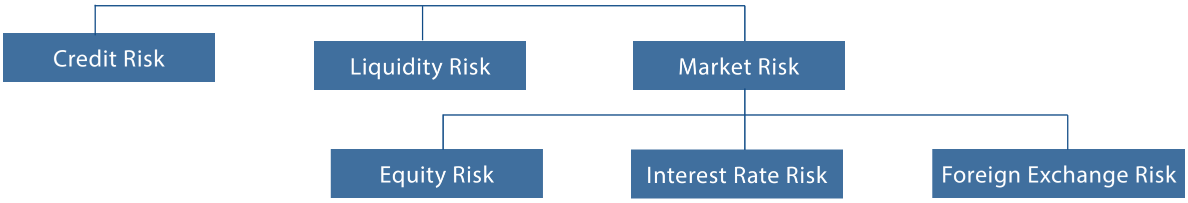
Whilst 'risk management' is ingrained in the business from the Board down to operational level, financial risk management at Group is entrusted to a niche of in-house financial professionals ably supported by external economists, financial consultants, legal counsel, tax experts, banks and auditors.

In the normal course of business, the Group is exposed to financial risks that have the potential to negatively impact its financial performance.

This is further accredited by the AAA/Stable rating assigned by Fitch this year.

This part of the report covers the financial impact that could arise from market risk, credit risk and liquidity risk, the most important elements of the financial risk that the Group is subject to.

The Group has exposure to the following risks from financial instruments



45.1 Market risk

Fluctuations of those market driven variables that affect cashflows arising from financial instruments can result in the actual outcome being different to expected cashflows thereby creating the market risk. Variables such as interest rates and exchange rates can move in directions different to those originally expected and the consequent cashflows could be different to the originally anticipated cashflows.

Market risk could result in the revenues and expenses of the Group being adversely affected and impacting the profit attributable to the shareholders. In order to identify, manage and minimise the market risk, the Group has put into practice a number of policies and procedures.

45.1.1 Currency risk

The currency risk arises when a financial transaction is denominated in a currency other than that of the reporting currency of an entity. The Group has operations in a number of regions across the globe and conducts business in a variety of currencies. The Group's worldwide presence in many geographies exposes it to the currency risk in the form of transaction and translation exposure.

Transaction exposure arises where there are contracted cashflows (receivables and payables) of which the values are subject to unanticipated changes in exchange rates due to contracts being denominated in a foreign currency. Translation exposure occurs due to the fluctuations in foreign exchange rates and arises to the extent to which financial reporting is affected by exchange rate movements when the reporting currency is different to those currencies in which revenues, expenses, assets and liabilities are denominated.

As the Group transacts in many foreign currencies other than the Sri Lankan rupee which is the reporting currency, it is exposed to currency risk on revenue generation, expenses, investments and borrowings. The Group has significant investments in the Maldives, India, Oman and Fiji where the net assets are exposed to foreign currency translation risk. Revenue generations and expenses incurred in these geographies are exposed to foreign currency transaction risk.

The total interest-bearing liabilities of the Group denominated in US dollar and Euro amounted to Rs. 45.1 billion (2020: Rs. 30.9 billion). The overseas investments made by the Group during the financial year were mostly financed through US dollar denominated borrowings from international and local banks. The translation exposure resulting from foreign currency borrowings has been hedged to a great extent by the acquisition of financial assets denominated in matching foreign currencies. A significant portion of the foreign currency borrowings have been made by the Group companies with incomes in foreign currencies, especially in the tourism and strategic investments sectors. Transaction exposures are usually minimised by selectively entering into forward contracts when future cashflows can be estimated with reasonable accuracy with regard to amounts as well as timing. The Group treasury monitors foreign exchange markets on a continuous basis and advises on appropriate risk mitigating strategies.

The Group actively evaluates the possibility of employing hedge accounting to mitigate the exposure to currency risk by designating an effective relationship between foreign currency denominated transaction with assets or liabilities. Hedge accounting enables to minimise the timing differences in recognising foreign currency translation impact to the income statement or other comprehensive income statement and to effectively capture the economic substance of the transaction.

Significant movement in exchange rates during the year ended 31st March 2022

	Lowest level		Highest level		Spread	Year end rate
	Rate	Date	Rate	Date		
USD/LKR	189.95	19.04.2021	293.88	28.03.2022 - 31.03.2022	103.93	293.88
EUR/LKR	218.14	07.03.2022	328.01	30.03.2022	109.87	326.38
EUR/USD	1.0866	07.03.2022	1.2248	25.05.2022	0.1382	1.1106

Foreign currency sensitivity

The main foreign currencies the Group transacts in are the US dollar and the Euro. The exposure to other foreign currencies is not considered as they are mostly related to foreign operations. In order to estimate the approximate impact of the currency risk on financial instruments, a 40% fluctuation was considered in the USD/LKR and EUR/LKR exchange rates. In the calculation of this risk, it is assumed that all other variables are held constant. The sensitivity analysis relates only to assets and liabilities depicted in Financial Statements as at the end of the financial year.

	Group		
	Effect on profit before tax		
	USD net financial assets / (liabilities)	EUR net financial assets / (liabilities)	Effect on equity
	USD'000	EUR'000	USD'000
As at 31 March, 2022			
Net exposure	67,800	(26,339)	125,685
LKR depreciates by 40% (Rs.'000)	8,148,528	(4,306,333)	14,774,546
LKR appreciates by 40% (Rs.'000)	(8,148,528)	4,306,333	(14,774,546)
As at 31 March, 2021			
Net exposure	61,162	(25,946)	129,415
LKR depreciates by 5% (Rs.'000)	611,495	(323,534)	1,293,051
LKR appreciates by 5% (Rs.'000)	(611,495)	323,534	(1,293,051)

Company did not have any financial asset or liability with a denomination other than LKR through out the year 2021/22 and 2020/21.

45.1.2 Interest rate risk

Values of financial instruments could fluctuate depending on the movements in interest rates giving rise to interest rate risk. This is a consequence of the changes in the present values of future cashflows derived from financial instruments. Value fluctuations in financial instruments will result in mark to market gains or losses in investment portfolios and could have an impact on reported financial results of the Group.

The Group's investment portfolio consists of a range of financial instruments with both fixed and variable interest rates such as treasury bills and treasury bonds which are subject to interest rate risk. Liabilities with variable interest rates such as AWPLR and

Notes to the Financial Statements

LIBOR linked borrowings would expose the Group to cashflow risk as the amount of interest paid would change depending on the changes in market interest rates.

Investments with fixed interest rates would expose the Group to variations in fair values during the marking to market of portfolios. Suitable strategies are used by the Group treasury to manage the interest rate risks in portfolio investments. Using long-term interest rate forecasts in order to determine the most suitable duration of investments with the objective of overcoming the re-investment risk as well as to minimise any adverse impact in marking to market of the portfolio is one of the often-used strategies. Interest rate swaps could be used when there is a need to hedge the risks on debt instruments with variable rates. Close monitoring of market trends is carried out to improve the accuracy of such decisions.

The Group treasury monitors the interest rate environment on a continuous basis to advise the sector finance managers on the most suitable strategy with regard to borrowings. The Group usually negotiates long-term borrowings during the periods in which interest rates are low in order to extend the favourable impact to future reporting periods.

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) and this may significantly impact the future profits of the Group.

Significant movement in interest rates during the year ended 31st March 2022 are as follows;

	Lowest level		**Highest level**		**Spread**	**Year end**
	Rate	**Date**	**Rate**	**Date**	**(basis points)**	**rate %**
LKR interest rate *	5.43	Apr-21	9.71	Mar-22	428	9.71
USD Interest rate **	0.070	Jan-22	0.332	Mar-22	26	0.332

“* Weekly AWPLR
** Three months USD LIBOR

The following table demonstrate the sensitivity to a reasonably possible change in, with all other variables held constant, of the profit before tax. A reasonably possible of +/- 8% is used, consistent with current trends in interest rates.

	Strengthening(Weakening)	**Effect on Profit before Tax**	
	Interest rates	**Consolidated Rs.'000**	**Company Rs.'000**
As at 31 March 2022	+800	(5,928,677)	(252,862)
	-800	5,928,677	252,862
As at 31 March 2021	+800	(5,365,232)	(201,043)
	-800	5,365,232	201,043

45.1.3 Equity price risk

The Group has adopted the policy that its investment in subsidiaries, joint ventures and associate companies are recorded at cost as per LKAS 27 and 28 standards and therefore are scoped out from the Sri Lanka Accounting Standards, SLFRS 9 - Financial Instruments.

Investments made by the Group which do not belong to the above categories are classified as financial assets and recorded at fair value in financial statements.

Certain companies of the Group have their major equity investment portfolios held on a long-term basis; hence immune to daily fluctuations. Those are classified as financial investments at fair value through OCI (FVTOCI). Further, a small trading portfolio is managed by two reputed Unit Trust companies licensed by the SEC and individual companies manage their own short-term portfolios as well. These investments are held by complying with group investment policies. Safe Custodian agreements with banks are in place that adds a control dimension.

The Group manages the equity price risk through diversification of its investments to each sector. Further the Management daily monitors the reports of the equity portfolios.

The extend of diversification of short-term equity investments (FVTPL) are analysed bellow.

As at 31 March,	Group				Company			
	2022		2021		2022		2021	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
Bank finance and insurance	56,114	16.7%	54,989	4.0%	-	0.0%	-	-
Beverage food and tobacco	-	0.0%	21,273	1.5%	-	0.0%	-	-
Chemicals and pharmaceuticals	-	0.0%	12,294	0.9%	-	0.0%	-	-
Construction and engineering	123	0.04%	123	0.01%	-	0.0%	-	-
Diversified holdings	211,615	63.1%	497,984	35.8%	177,419	83.6%	444,107	41.0%
Hospitals	-	0.0%	3,604	0.3%	-	0.0%	-	-
Hotel and travels	13,822	4.1%	13,679	1.0%	-	0.0%	-	-
Manufacturing	50,793	15.2%	675,204	48.6%	34,718	16.4%	528,705	48.8%
Real estate	-	0.0%	110,417	7.9%	-	0.0%	110,417	10.2%
Power and energy	2,653	0.8%	1,389,567	100.0%	-	0.0%	1,083,229	100.0%
	335,120	100.0%			212,137	100.0%		

45.2 Credit risk

The risk assumed by an entity resulting from the risk of a counterparty defaulting on its contractual obligations in relation to a financial instrument or a customer contract is known as the credit risk. The Group's exposure to credit risk arises from its operating and investing activities including transactions with banks in placing deposits, foreign exchange transactions and through the use of other financial instruments. The maximum credit risk of the Group and the Company is limited to the carrying value of these financial assets as at the reporting date.

Maximum credit exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows,

As at 31 March,	Note	Group				Company			
		2022		2021		2022		2021	
		Rs.'000	% from total exposure	Rs.'000	% from total exposure	Rs.'000	% from total exposure	Rs.'000	% from total exposure
Trade and other receivables	45.2.1	30,351,990	35%	23,768,865	43%	668	1%	263,712	2%
Amounts due from related companies	45.2.2	217,959	0%	463,544	1%	3,476,092	23%	650,115	4%
Loans granted to related parties		-	0%	-	0%	11,215,972	75%	14,417,357	94%
Corporate debt securities	45.2.3	2,047,738	2%	1,725,205	3%	50,048	0%	50,053	0%
Government securities	45.2.4	1,593,855	2%	2,008,492	4%	-	0%	-	0%
Deposits with bank	45.2.5	29,911,913	35%	17,081,218	31%	-	0%	-	0%
Cash at bank	45.2.5	21,524,736	25%	10,502,071	19%	212,665	1%	10,760	0%
		85,648,191	100%	55,549,395	100%	14,955,445	100%	15,391,997	100%

45.2.1 Trade and other receivables

Trade receivables consist of recoverable from a large number of customers spread across diverse industries, segments and geographies. More than 90% of the Group's trade receivables are due for settlement within 90 days as at the end of the financial year. The credit policy for each segment of business varies due to the diversity of operations in the Group. The credit policies that best suit their respective business environment are developed for each sector and the responsibility rests with the heads of finance and the senior management teams.

Group companies formulate their credit policies subsequent to analysing credit profiles of customers. In this regard factors such as the credit history, legal status, market share, geographical locations of operations, and industry information are considered. References from bankers or credit information databases are obtained when it is considered necessary. Each Group company has identified credit limits for their customers. In the event a customer does not meet the criteria or the stipulated benchmark on a transaction, then the business is carried out with such customers only up to the value of the collaterals or advances obtained.

As the large majority of Beverage accounts receivable balances are collectable from licensed retailers, management believes that the sector's credit risk relating to accounts receivable is at an acceptably low level.

The Group has observed higher credit risk in telecommunication sector due to large number of small customers. However, risk is managed and mitigated by adopting timely disconnection policy and converting customer to prepaid mode.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively.

The Group's maximum exposure to credit risk from Insurance contract receivables are mainly consist with premium receivables.

Some of the actions specific to premiums receivables in non-lifeinsurance are shown below.

- Premium Payment Warranty (PPW) is strictly implemented and all non-life insurance policies with payments outstanding for more than 60 days are cancelled.
- Follow-up meetings on debt collection are conducted with the participation of finance, distribution and underwriting officials on a monthly basis.
- Claim settlements are processed only after reviewing the position of outstanding receivables.

45.2.2 Amounts due from related companies

The amounts due from related parties mainly consist of receivables from associates and other related ventures and those are closely monitored by the group.

45.2.3 Corporate debt securities

The Corporate debt securities are entirely consist of Corporate Debentures which are listed in Colombo Stock Exchange which are guaranteed by local and foreign credit rating agencies as BBB or Better.

An Analysis of credit ratings of the issuers of debenture are as follows,

	Group				Company			
As at 31 March,	**2022**		**2021**		**2022**		**2021**	
Credit Rating	**Amount**	**% from total exposure**	**Amount**	**% from total exposure**	**Amount**	**% from total exposure**	**Amount**	**% from total exposure**
	Rs'000	**%**	**Rs'000**	**%**	**Rs'000**	**%**	**Rs'000**	**%**
AAA	-	0%	51,642	3%	-	0%	-	0%
AA	51,642	3%	-	0%	-	0%	-	0%
AA-	598,723	29%	623,820	30%	50,048	100%	50,053	100%
A+	680,145	33%	135,140	7%	-	0%	-	0%
A	334,771	16%	250,225	12%	-	0%	-	0%
A-	154,267	8%	574,742	28%	-	0%	-	0%
BBB+	112,350	5%	25,562	1%	-	0%	-	0%
BBB	49,580	2%	-	0%	-	0%	-	0%
No Ratings *	66,259	3%	64,074	3%	-	0%	0	0%
	1,848,690	100%	1,725,205	84%	50,048	100%	50,053	100%

* A minor potion of investments have been made on corporate debt instruments which does not backed with credit ratings. However those investments were made after having a thorough credit assessment on respective companies and after obtaining collaterals such as Mortgage bonds and personal guarantees.

45.2.4 Government securities

Government securities are referred to as risk free instruments in its nature.

45.2.5 Deposits with bank

The Group has a number of bank deposits in Sri Lankan rupees and other currencies. These deposits have been placed in several banks in order to minimise the credit risk in accordance with the policy directions provided by the Board. In order to further minimise the credit risk, the Group's exposure and credit ratings of banks are regularly monitored and a diversified investment portfolio is maintained. In the event of any weakening of credit metrics of a bank the Group may decide to liquidate its investments and move to an institution with a higher credit rating.

	Group			
As at 31 March,	**2022**		**2021**	
(Fitch national credit rating scale or equivalent)	**Amount of deposits**	**Concentration**	**Amount of deposits**	**Concentration**
	Rs'000	**%**	**Rs'000**	**%**
AAA	2,337,533	7.81%	313,077	1.87%
AA-	22,090,047	73.85%	13,788,105	80.72%
A+	2,839,440	9.49%	937,366	5.49%
A	1,812,590	6.06%	1,093,809	6.40%
A-	103,801	0.35%	106,198	0.62%
BBB	203,492	0.68%	-	0.00%
BBB-	524,402	1.75%	55,346	0.22%
BB+	1,213	0.00%	-	0.00%
BB-	-	0.00%	787,528	4.61%
Total gross carrying amount	29,912,518	100.00%	17,081,430	100.00%
Impairment of bank deposits	(604)		(212)	
Total net carrying amount	29,911,914		17,081,218	

Further the cash at bank is mainly consist of favourable balances in Savings, money market and current accounts of private and government commercial banks.

45.3 Liquidity risk

Liquid assets of a company consist of cash and assets which can be converted to cash in a short period of time to settle liabilities as they arise. Liquidity is an important factor in the operations of a business as it is an essential requirement for the successful operation of an entity.

A shortage of liquidity would have a negative impact on stakeholder confidence in a business entity and hampers its operations. The Group has ensured that it maintains sufficient liquidity reserves to meet all its operational and investment requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements.

Shortening the working capital cycle is one of the main practises preferred in ensuring that there is sufficient liquidity at a given time. Adequate short-term working capital facilities provided by banks are available to all the Group companies which are utilised in the event of a requirement. These facilities are available at favourable rates and have been mostly provided without collateral. The Group maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and closely monitors their utilisation.

The Group has implemented procurement and vendor evaluation policies to prevent payment of excessive prices to suppliers and to obtain favourable credit periods in order to ensure a strong working capital position. Special attention has been given to cash inflows and outflows both at a consolidated and sector levels. The maturity profile of the Group's investments is monitored and adjusted to meet expected future cash outflows in the short, medium and long-terms.

Funding requirements of the sectors and the parent company are evaluated at regular intervals by analysing business expansion strategies. The Group has adopted a conservative investment strategy in order to preserve the scarce capital as well as to minimise the risk. At opportune moments funds are mobilised by accessing capital markets. The Group attempts to minimise future interest expenses on borrowings by negotiating favourable interest rates with the respective lenders and makes use of attractive interest rates offered by international banks on foreign currency denominated funding mostly to finance its overseas investments.

The table below summarises the maturity analysis of the Group's financial liabilities based on contractual undiscounted payments.

Group 2022	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
As at 31st March 2022	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Interest bearing liabilities	-	2,818,310	6,381,961	10,456,705	21,635,345	19,675,346	60,967,666
Bank overdrafts and other short-term borrowings	22,588,784	445,297	389,311	-	-	-	23,423,392
Trade and other payables	26,964,453	3,226,159	5,607,947	-	-	-	35,798,558
Amounts due to related companies	1,966,519	-	-	-	-	-	1,966,519
	51,519,756	**6,489,766**	**12,379,218**	**10,456,705**	**21,635,345**	**19,675,346**	**122,156,136**

Group 2021	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
As at 31st March 2021	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Interest bearing liabilities	13,532	584,924	4,650,418	8,356,660	21,278,625	11,627,282	46,511,441
Bank overdrafts and other short-term borrowings	25,944,050	200,812	1,322,230	-	-	-	27,467,092
Trade and other payables	12,580,543	861,191	2,574,836	-	-	-	16,016,570
Amounts due to related companies	715,158	-	-	-	-	-	715,158
	39,253,283	**1,646,927**	**8,547,484**	**8,356,660**	**21,278,625**	**11,627,282**	**90,710,261**

Company 2022	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
As at 31st March 2022	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Bank overdrafts and other short-term borrowings	10,721,143	-	-	-	-	-	10,721,143
Trade and other payables	3,148,998	-	-	-	-	-	3,148,998
Amounts due to related companies	391,688	-	-	-	-	-	391,688
	14,261,829	**-**	**-**	**-**	**-**	**-**	**14,261,829**

Company 2021	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
As at 31st March 2021	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Bank overdrafts and other short-term borrowings	9,364,103	-	-	-	-	-	9,364,103
Trade and other payables	2,448	-	-	-	-	-	2,448
Amounts due to related companies	418,232	-	-	-	-	-	418,232
	9,814,355	**-**	**-**	**-**	**-**	**-**	**9,784,783**

46 Financial capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group's may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt/total capital. Net debt is calculated as total borrowings (including current and non-current interest bearing borrowing as shown in the consolidated statement of financial position plus bank overdrafts) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt. Gearing ratios at 31 March 2022 and 2021 are as follows.

	Group		Company	
As at 31 March,	**2022**	**2021**	**2022**	**2021**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Total interest bearing loans and borrowing	60,967,666	46,511,441	-	-
Lease liabilities	19,272,129	14,521,555	30,195	-
Bank overdrafts and other short-term borrowings	23,423,392	27,467,092	10,721,143	9,364,103
Less: cash & cash equivalents	(24,902,636)	(12,685,900)	(212,665)	(10,760)
Net debt	78,760,551	75,814,188	10,538,673	9,353,343
Total equity	136,333,046	123,672,551	91,699,311	96,047,415
Total capital	**215,093,597**	**199,486,739**	**102,237,984**	**105,400,758**
Gearing ratio	37%	38%	10%	9%

47. Impact From Rapid Changes in Macro Economic Factors

The Macro Economic Environment of Sri Lanka

Sri Lanka is currently in an economic, fiscal and monetary turmoil which has resulted in an economic recession. This has been further fueled by the rating downgrade to "Default Imminent (C)" when the Government of Sri Lanka announced that it will withhold payments to bonds and foreign debts on 12th April 2022.

In light of the decreasing foreign reserves, Central Bank of Sri Lanka made several policy decisions such as floating the rupee on 10th March 2022, which led to a rapid rupee depreciation against major foreign currencies. The severe shortage of foreign currency has left the Government of Sri Lanka unable to pay for essential imports, including fuel, foods, gas, and medicine. At the same time, Sri Lanka's annual inflation scaled to 66.7 percent in July of 2022 from 3.9 percent in April 2021. The Banks have restricted and imposed controls on the foreign currency payments made to outside of Sri Lanka, which has disrupted the economy of the country which is mainly based on imports and consumption.

Impact on Internal Operations & Business Continuity of the Company

The Company's primary business activity is "investment management" where both strategic investments and short-term investments are managed. Therefore, the impact of the macro-economic changes would be limited to the impact on the industries where the Company has invested in.

These investments are ranging over industries such as telecommunication, healthcare, beverages, diversified and plantations.

Diversified sector

Diversified sector of the Group mainly focuses on tourism and logistics. Both these sectors are operating in Sri Lanka as well as overseas locations where minimum disruptions are in place. (Eg: Tourism sector has a strong foot in Maldives while logistics sector operates in Fiji Islands). The Group expects that the profitability and operating efficiencies coupled with the availability of foreign currency within the Group will have a positive impact on the local businesses.

Telecommunication sector

Telecommunications sector is expected to have an impact due to the limited foreign reserves where the Group is expected to settle dues in foreign currency to its service providers. However, the Group is confident that the Government of Sri Lanka would consider the industry as a key in allocating the available foreign reserves assisting the sector to operate with minimum disruptions.

Healthcare sector

Increase in cost of living due to the increased inflation rates and limited availability of pharmaceutical stocks in the country is expected to impact negatively on the sector. However, the Group believes that with the continuous efforts taken by the sector management through introduction of stringent cost management measures and assistances granted by International Organizations such as WHO will impact positively towards managing the operations of the sector.

Beverage sector

Impact to the beverage sector as a result of the rapid changes in the macro-economic factors would be limited to the increase in the cost of production due to increased inflation and supply chain disruptions due to import restrictions. However, with the immediate remedial actions taken by the sector management such as securing the sourcing of required raw material through local market and stringent cost management measures the Group expects that this sector would continue to generate sufficient profits and revenues to manage the operations.

Plantation sector

Though the sector was affected by the import restrictions of chemical fertilizer the grown in sales prices have shown promising future for the industry. Further, the subsequent decisions of the government by prioritizing the import of chemical fertilizer have also impacted positively on the industry. As such the Group considers the impact of the instability to the plantation sector as minimal.

Considering above factors, the Group management is of the view that all sectors would perform in a manner expected by the management and as a result the situation would not result in negatively to the operations and profitability of the Group.

Statement of Value Added

Value Added

For the year ended 31 March,	2022 Group Rs.'000	2022 Company Rs.'000	2021 Group Rs.'000	2021 Company Rs.'000
Gross Turnover	182,989,902	263,618	143,900,934	257,463
Other Operating Income	2,463,061	11,955,680	2,200,644	7,263,478
Finance Income	10,099,406	1,005,956	2,311,832	1,116,172
Share of Profits of Equity Accounted Investees	441,977	-	421,888	-
	195,994,346	**13,225,254**	**148,835,298**	**8,637,113**

Value Distributed

For the year ended 31 March,	2022 Group Rs.'000	2022 Group As a % of Total	2022 Company Rs.'000	2022 Company As a % of Total
To the State as Taxes	85,506,186	43.6%	1,294,384	9.8%
Operating Expenses	62,810,486	32.0%	4,017,418	30.4%
To the Employees	18,055,424	9.2%	93,489	0.7%
To Providers of Debt Capital	4,303,193	2.2%	671,192	5.1%
To the Shareholders as Dividends	8,419,901	4.3%	6,293,144	47.6%
Retained with the Business/(Utilized from previously retained profits)				
As Depreciation	7,684,329	3.9%	7,550	0.1%
As Retained Earnings	9,214,828	4.7%	848,077	6.4%

For the year ended 31 March,	2021 Group Rs.'000	2021 Group As a % of Total	2021 Company Rs.'000	2021 Company As a % of Total
To the State as Taxes	73,428,630	49.3%	992,678	11.5%
Operating Expenses	46,844,121	31.5%	731,351	8.5%
To the Employees	14,914,633	10.0%	97,590	1.1%
To Providers of Debt Capital	3,715,651	2.5%	677,636	7.8%
To the Shareholders as Dividends	4,331,038	2.9%	2,913,495	33.7%
Retained with the Business				
As Depreciation	7,438,693	5.0%	7,033	0.1%
As Retained Earnings	(1,837,469)	-1.2%	3,217,330	37.25%

Shareholder Information

1. Stock Exchange Listing

The Issued Ordinary Shares of the company are listed with the Colombo Stock Exchange.
Ticker Symbol - MELS.N0000
Market Sector - Diversified

2. Distribution of Shareholding

	31 March 2022			31 March 2021		
	No of Share Holders	Total Holdings	% of Holding	No of Share Holders	Total Holdings	% of Holding
1 to 1,000	8,021	3,609,532	0.31%	7,130	3,358,019	0.29
1,001 to 10,000	4,957	18,420,855	1.58%	4,692	17,450,905	1.50
10,001 to 100,000	929	28,298,319	2.43%	896	27,959,438	2.40
100,001 to 1,000,000	134	42,107,567	3.61%	130	36,979,497	3.17
1,000,000 & Over	33	1,072,960,799	92.07%	36	1,079,649,213	92.64
	14,074	1,165,397,072	100.00%	12,884	1,165,397,072	1.0000

3. Analysis of Shareholding

	31 March 2022			31 March 2021		
	No of Share Holders	Total Holdings	% of Holding	No of Share Holders	Total Holdings	% of Holding
Individuals	13,606	276,138,739	23.69%	12,523	284,452,287	24.41%
Institutions	468	889,258,333	76.31%	361	880,944,785	75.59%
	14,074	1,165,397,072	100.00%	12,884	1,165,397,072	100.00%
Resident	13,983	966,065,344	82.90%	10,591	865,064,697	74.23
Non-Resident	91	199,331,728	17.10%	102	300,332,375	25.77
	14,074	1,165,397,072	100.00%	10,693	1,165,397,072	100.00

4. Market Price

	31 March 2022	31 March 2021
Last Traded	41.00	44.00
Highest	68.00	78.00
Lowest	39.50	16.00

Shareholder Information

5. Twenty Five Largest Shareholders

	Shareholdings as at	2022		2021	
Rank	Name	No of shares	%	No of shares	%
1	MILFORD EXPORTS (CEYLON) (PVT) LIMITED	498,819,000	42.802	498,819,000	42.802
2	LANKA MILK FOODS (CWE) LIMITED	151,846,000	13.030	151,846,000	13.030
3	MR. M. A. YASEEN	124,012,745	10.641	167,012,745	14.331
4	COMMERCIAL BANK OF CEYLON PLC/L.E.M.YASEEN	52,200,000	4.479	52,200,000	4.479
5	BNYMSANV RE-NEON LIBERTY LORIKEET MASTER FUND LP	52,027,000	4.464	63,887,897	5.482
6	MRS. L. E. M. YASEEN	51,466,445	4.416	27,900,152	2.394
7	COMMERCIAL BANK OF CEYLON PLC/M.A.YASEEN	39,000,000	3.346	16,000,000	1.373
8	MR. DON HAROLD STASSEN JAYAWARDENA	13,014,200	1.117		
9	MRS. S. M. CHRYSOSTOM	11,390,000	0.977	11,390,000	0.977
10	STASSEN EXPORTS (PVT) LIMITED	8,746,800	0.751	8,746,800	0.751
11	DON AND DON HOLDINGS PRIVAT LIMITED	8,371,776	0.718		
12	MR. DON HASITHA STASSEN JAYAWARDENA	7,531,332	0.646	7,531,332	0.646
13	SEYLAN BANK PLC/ARRC CAPITAL (PVT) LTD	7,391,012	0.634	10,324,231	0.886
14	SSBT-AL MEHWAR COMMERCIAL INVESTMENTS L.L.C.	6,186,000	0.531	3,936,000	0.338
15	MCSEN RANGE PRIVATE LIMITED	5,459,864	0.468	5,459,864	0.468
16	BBH-REDWHEEL FRONTIER MARKETS EQUITY MASTER FUND LIMITED	4,077,755	0.350		
17	MELLON BANK N.A.-UPS GROUP TRUST	3,066,226	0.263	3,066,226	0.263
18	HATTON NATIONAL BANK PLC/JN LANKA HOLDINGS COMPANY (PVT) LTD	3,000,000	0.257		
19	MRS. P. M. P. G. N. PRIYADARSHANI	2,670,582	0.229	2,100,000	0.180
20	BNYMSANV RE-NEON LIBERTY EMERGING MARKETS FUND LP	2,442,900	0.210	2,442,900	0.210
21	PERSHING LLC S/A AVERBACH GRAUSON & CO.	2,426,679	0.208	3,427,363	0.294
22	DFCC BANK PLC/J N LANKA HOLDINGS COMPANY (PVT) LTD	2,365,562	0.203		
23	DFCC BANK PLC A/C 1	2,069,940	0.178	2,069,940	0.178
24	NATIONAL SAVINGS BANK	1,792,757	0.154		
25	BANK OF CEYLON-NO2 A/C (BOC PTF)	1,645,848	0.141	2,539,800	0.218
26		1,063,020,423	91.215	1,040,700,250	89.300
27	OTHERS	102,376,649	8.785	124,696,822.00	10.70
28	TOTAL	1,165,397,072	100.000	1,165,397,072	100.000

6. Non Listed Non Voting Shares

	Shareholdings as at	2022		2021	
Rank	Name	No of shares	%	No of shares	%
1	Distilleries Company of Sri Lanka PLC	-	-	1,000	100
	Total number of non listed non voting shares	**-**	**-**	**1,000**	**100**

7. Float Adjusted Market Capitalisation

The Public Holding of the Company as at 31 March 2022 was 41.65% comprising of 14,069 shareholders and the Float adjusted Market Capitalization of Rs.19,951,573,314/-. Interms of Rule 7.13 1(a) of the listing rule of CSE , the Company Qualifies with the Minimum Public Holding Requirement under the Option One.

8. Directors' Share Holdings

As at 31 March	No of Shares 2022	No of Shares 2021
Mr. D. H. S. Jayawardena	13,014,200	1.117
Mr. A. L. Gooneratne	Nil	Nil
Mr. C. R. Jansz	Nil	Nil
Mr. N. De. S. Deva Aditya	Nil	Nil
Mr. K. J. Kahanda	Nil	Nil
Dr. A. N. Balasuriya	Nil	Nil
Mr. D. Hasitha S. Jayawardena	7,531,332	0.646
Mr. R. Seevaratnam	Nil	Nil
Ms. V. J. Senaratne (Alternate Director to Mr. N. De. S. Deva Aditya)	Nil	Nil

Summarised Financial Information

In Rs.'000 - Company	2022	2021	2020	2019	2018	2017	2016
Results							
Gross turnover	263,618	257,463	212,752	209,203	228,319	193,249	186,314
Dividend income	263,618						
From subsidiaries		6,373,594	6,029,869	3,331,648	810,307	134,990	376,067
From equity accounted investees	10,709,293	-	-	-	91,595	496,725	334,753
From other short-term and long-term investments	598,046	614,543	690,371	896,023	715,347	708,648	560,960
Finance income	1,005,956	1,116,172	2,026,350	1,322,939	870,786	1,425,673	35,743
Finance expenses	673,625	720,226	(1,592,872)	(637,473)	(92,763)	(85,488)	(90,719)
Profit / (loss) before tax	8,613,539	7,147,372	5,359,804	4,214,914	3,270,441	3,253,106	1,189,337
Profit / (loss) after tax	7,141,221	6,130,825	5,095,778	3,796,145	2,801,605	2,866,375	1,184,477
Funds employed							
Stated capital	70,000,000	89,100,000	89,100,000	89,100,000	89,100,000	89,100,000	48,320,750
Reserves	12,123,483	(4,983,549)	(1,877,918)	(3,708,246)	(981,720)	(2,597,197)	(2,714,418)
Retained earnings	9,575,828	11,930,964	8,710,425	5,945,377	2,421,286	2,491,925	2,182,800
Shareholders' funds	91,699,311	96,047,415	95,932,507	91,337,132	90,539,566	88,994,728	47,789,132
Total borrowings	10,721,143	9,364,103	10,262,646	16,460,961	300,739	109,534	1,448
Non current liabilities	816,427	612,186	594,221	555,001	431,132	108,073	88,231
Current liabilities net of borrowings	4,447,783	927,560	794,283	3,826,370	334,110	453,399	1,925,350
Assets employed							
Non-current assets	95,115,846	94,941,043	97,592,040	94,134,676	80,533,198	81,601,753	47,247,655
Current assets	12,568,818	12,010,220	9,991,617	18,044,791	11,072,349	7,999,865	2,555,058
	107,684,664	**106,951,263**	**107,586,657**	**112,179,467**	**91,605,547**	**89,601,618**	**49,802,713**
Cashflows							
Net cashflow from operating activities	6,958,083	4,837,876	4,744,195	3,640,998	857,204	1,332,530	1,741,444
Net cashflow from investing activities	(1,753,392)	(1,045,779)	6,761,753	(23,212,454)	(1,429,763)	828,765	(2,486,423)
Net cashflow from financing activities	(6,359,826)	(2,945,095)	(5,278,992)	2,900,805	501,972	(1,868,637)	739,173
Net increase/(decrease) in cash & cash equivalents	**(1,155,135)**	**847,002**	**6,226,956**	**(16,670,651)**	**(70,587)**	**292,659**	**(5,806)**
Key indicators							
Earnings per share (Rs.)	6.13	5.26	4.37	3.26	2.4	3.03	4.46
Net assets per share (Rs.)	78.69	82.42	82.32	78.37	77.69	76.36	180.03
Market value per share (Rs.) year end	41.10	44.00	23.50	36.00	58.1	59.2	-
Return on shareholders' funds	8%	6%	5%	4%	3%	3%	2%
Dividends per share (Rs.)	5.40	5.25	2.00	-	2.44	1	-
Dividend payout	88.12%	99.81%	45.8%	0.00%	101.67%	40.02%	0.00%
Dividend yield	13.1%	11.93%	8.5%	0.0%	4.20%	1.70%	N/A

Company Management

Management Team	
A. L. Goonaratne, FCA (SL), FCA (Eng. & Wales) Management Director	**Damien Fernando,** MBA (Sri J.), FCMA (UK) Group Consultant
Maj. Gen. (Rtd) Dampath Fernando, RIVP. RSP. YSV. USP. psc. MBA(UK) Director Operations Plantations/Group General Manager HR & Admin	**Cleetus Mallawaarachchi**, FCA, MBA Group Financial Controller
M. B. M. Ifthikar, FCA Group Head of Systems Control & Internal Audit	**Prasanna Karunanayake,** B.Sc. (Eng), MBCS, ACMA, CGMA Group Chief Information Officer

Group Directory

Beverage	
Distilleries Company of Sri Lanka PLC Board of Directors D. H. S. Jayawardena - Chairman / Managing Director C. R. Jansz N. de. S. Deva Aditya Capt. K. J. Kahanda (Retd.) Dr. A. N. Balasuriya D. Hasitha S. Jayawardena R. Seevaratnam A. L. Gooneratne - (Alternate to N. de. S. Deva Aditya) Ms. V. J. Senaratne - (Alternate to Capt. K. J. Kahanda (Retd.)	**Secretary :** Ms. V. J. Senaratne **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 5507000 / 2695295 -7 Fax: +94 11 2696360 **Co. Reg. No.** PQ 112 **Auditors :** Messrs KPMG (Chartered Accountants)
Periceyl (Pvt) Limited Board of Directors D. H. S. Jayawardena – Chairman C. R. Jansz S. K. S. D. Amarathunga A. L. Gooneratne D. Hasitha S. Jayawardena	**Secretary :** Ms. V. J. Senaratne **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 2808565 Fax: +94 11 5551777 **Co. Reg. No.** PV 5529 **Auditors :** Messrs Ernst & Young (Chartered Accountants)
Plantation	
Balangoda Plantations PLC Board of Directors D. H. S. Jayawardena – Chairman / Managing Director C. R. Jansz Dr. A. Shakthevale D. S. K. Amarasekera A. L. Gooneratne D. Hasitha S. Jayawardena	**Secretary :** P. A. Jayatunga **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 2522871-2 Fax: +94 11 2522913 **Co. Reg. No.** PQ 165 **Auditors :** Messrs KPMG (Chartered Accountants)
Madulsima Plantations PLC Board of Directors D. H. S. Jayawardena – Chairman / Managing Director Dr. N. M. Abdul Gaffar C. R. Jansz (Appointed w.e.f. 01.01.2022) Dr. A. Shakthevale D. S. K. Amarasekera D. Hasitha S. Jayawardena	**Secretary :** P. A. Jayatunga **Registered Office** 833, Sirimavo Bandaranaike Mawatha, Colombo 14 Tel: +94 11 2522871-2 Fax: +94 11 2522913 **Co. Reg. No.** PQ 184 **Auditors :** Messrs KPMG (Chartered Accountants)

Group Directory

Telecommunication	
Lanka Bell Limited Board of Directors D. H. S. Jayawardena – Chairman Dr. T. K. D. A. P. Samarasinghe – Managing Director C. R. Jansz` D. S. C. Mallawaarachchi A. L. Gooneratne	**Secretary :** Ms. C. M. Chandrapala **Registered Office** 344, Galle Road, Colombo 03. Tel: +94 11 5335000 Fax: +94 11 5545988 **Co. Reg. No.** PB 306 **Auditors :** Messrs KPMG (Chartered Accountants)
Bellactive (Pvt) Limited Board of Directors D. H. S. Jayawardena – Chairman Dr. T. K. D. A. P. Samarasinghe – Managing Director D. S. C. Mallawaarachchi A. L. Gooneratne	**Secretary :** Ms. C. M. Chandrapala **Registered Office** No: 344, Galle Road, Colombo 03 Tel: +94 11 5335000 **Co. Reg. No.** PV 61396 **Auditors :** Messrs Amarasekara & Company (Chartered Accountants)
Bell Solutions (Pvt) Limited Board of Directors D. H. S. Jayawardena – Chairman Dr. T. K. D. A. P. Samarasinghe – Managing Director D. S. C. Mallawaarachchi A. L. Gooneratne	**Secretary :** Ms. C. M. Chandrapala **Registered Office** No: 344, Galle Road, Colombo 03 Tel: +94 11 5335000 **Co. Reg. No.** PV 61398 **Auditors :** Messrs Amarasekara & Company (Chartered Accountants)
Financial Services	
Continental Insurance Lanka Limited Board of Directors G. D. C. de Silva - Managing Director A. L. Gooneratne (Resigned w.e.f. 10.02.2022) T. Fernandopulle C. Abeywickrema T. Daetwyler (Appointed w.e.f. 07.05.2021) A. S. Abeyewardene (Retired w.e.f. 30.06.2021) H. Wickramasinghe (Retired w.e.f. 30.06.2021) A. M. De S. Jayaratne (Retired w.e.f. 30.06.2021) Ms. B. D. C. Cooke (Appointed w.e.f. 21.03.2022) T. R. A. Angunawela (Appointed w.e.f. 04.05.2022)	**Secretaries :** P. W. Corporate Secretarial (Pvt) Limited **Registered Office** 79, Dr. C. W. W. Kannangara Mawatha, Colombo 07 Tel : +94 11 5200300 **Co. Reg. No.** PB 3784 **Auditors :** Messrs KPMG (Chartered Accountants)
Diversified Holdings	
Milford Holdings (Pvt) Limited Board of Directors D. H. S. Jayawardena – Chairman C. R. Jansz Capt. K. J. Kahanda (Retd.)	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 2695295-7 Fax: +94 11 2696360 **Co. Reg. No.** PV 5944 **Auditors :** Messrs KPMG (Chartered Accountants)

Diversified Holdings (Contd.)	
Aitken Spence PLC Board of Directors D. H. S. Jayawardena – Chairman Dr. M. P. Dissanayake - Deputy Chairman/Managing Director Dr. R. M. Fernando Ms. D. S. T. Jayawardena J. M. S. Brito G. C. Wickremasinghe C. H. Gomez N. de S. Deva Aditya R. N. Asirwatham	**Secretaries :** Aitken Spence Corporate Finance (Private) Limited **Registered Office** 315, Vauxhall Street, Colombo 02 Tel: +94 11 2308308 Fax : +94 11 2445406 Web: www.aitkenspence.com **Co. Reg. No.** PQ 120 **Auditors :** Messrs KPMG (Chartered Accountants)
Texpro Industries Limited Board of Directors D. H. S. Jayawardena – Chairman J. D. Peiris – Managing Director H. I. Munasinha A. L. Gooneratne D. S. C. Mallawaarachchi	**Secretaries :** SSP Corporate Services (Pvt) Limited **Registered Office** 1st Floor, Lakshman's Building, 321, Galle Road, Colombo 03 Tel: +94 11 2565951 **Co. Reg. No.** PB 748 **Auditors :** Messrs KPMG (Chartered Accountants)
Timpex (Pvt) Limited Board of Directors D. H. S. Jayawardena – Chairman J. D. Peiris – Managing Director H. I. Munasinha A. L. Gooneratne D. S. C. Mallawaarachchi	**Secretaries :** SSP Corporate Services (Pvt) Limited **Registered Office** 1st Floor, Lakshman's Building, 321, Galle Road, Colombo 03 Tel: +94 11 2565951 **Co. Reg. No.** PV 17863 **Auditors :** Messrs KPMG (Chartered Accountants)
Bellvantage (Private) Limited Board of Directors A. L. Gooneratne Dr. T. K. D. A. P. Samarasinghe - Managing Director (Appointed w.e.f. 20.04.2021) P. Karunanayake D. S. C. Mallawarachchi	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10 **Co. Reg. No.** PV : 65022 **Auditors :** Messrs Amarasekara & Company (Chartered Accountants)
Melsta Logistics (Pvt) Limited Board of Directors A. L. Gooneratne – Chairman T. Q. Fernando D. S. C. Mallawaarachchi	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 160, Negombo Road, Seeduwa Tel: +94 11 5223300 Fax: +94 11 5223322 Web: www.crc.lk **Co. Reg. No.** PV 14051 **Auditors :** Messrs Amarasekara & Company (Chartered Accountants)
Splendor Media (Pvt) Limited Board of Directors Ms. D. S. T. Jayawardena – Chairperson Ms. G. Chakravarthy N. N. Nagahawatte O. A. R. P. Obeysinghe	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 5639501 Fax: +94 11 5373344 **Co. Reg. No.** PV 1230 **Auditors :** Messrs KPMG (Chartered Accountants)

Group Directory

Diversified Holdings (Contd.)	
Bogo Power (Pvt) Limited Board of Directors D. H. S. Jayawardena – Chairman Dr. N. M. Abdul Gaffar A. L. Gooneratne C. R. Jansz (Appointed w.e.f. 01.12.2021)	**Secretary :** P. A. Jayatunga **Registered Office** 833, Sirimavo Bandaranaike Mawatha, Colombo 14 Tel: +94 11 2522871-2 Fax: +94 11 2522913 **Co. Reg. No.** PV 64901 **Auditors :** Messrs Ernst & Young (Chartered Accountants)
Browns Beach Hotels PLC Board of Directors D. H. S. Jayawardena – Chairman Dr. M. P. Dissanayake Ms. D. S. T. Jayawardena C. R. Stanislaus A. L. Gooneratne (Retired w.e.f. 30.06.2022) R. N. Asirwatham N. de S. Deva Aditya	**Secretaries :** Aitken Spence Corporate Finance (Private) Limited **Registered Office** 315, Vauxhall Street, Colombo 02 Tel: +94 11 2308308 Fax: +94 11 2308099 **Co. Reg. No.** PQ 202 **Auditors :** Messrs KPMG (Chartered Accountants)
Melsta Properties (Pvt) Limited Board of Directors Capt. K. J. Kahanda (Retd.) S. Rajanathan R. R. P. L. S. Ratnayake	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 5900300 Fax : +94 11 2695794 **Co. Reg. No.** PV 78422 **Auditors :** Messrs KPMG (Chartered Accountants)
Melsta Towers (Pvt) Limited Board of Directors A. L. Gooneratne Ms. S. A. Atukorale D. S. C. Mallawaarachchi	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 5900300 Fax : +94 11 2695794 **Co. Reg. No.** PV 90157 **Auditors :** Messrs KPMG (Chartered Accountants)
Melsta Technologies (Pvt) Limited Board of Directors B. K. J. P. Rodrigo P. Karunanayke D. A. C. Peiris D. M. Welikandage K. D. Bernard (Resigned w.e.f. 31.05.2021)	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 5288625 Fax : +94 11 2695794 Co. Reg. No. PV 104028 Auditors : Messrs KPMG (Chartered Accountants)
Melsta Health (Private) Limited Board of Directors D. H. S. Jayawardena – Chairman C. R. Jansz A. L. Gooneratne D Hasitha S. Jayawardena	**Secretary :** Ms. V. J. Senaratne **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 5288625 Fax : +94 11 2695794 **Co. Reg. No.** PV 118630 **Auditors :** Messrs KPMG (Chartered Accountants)

Diversified Holdings (Contd.)	
Melsta Laboratories (Private) Limited Board of Directors A. L. Gooneratne Dr. A. C. Jayakody D. S. C. Mallawaarachchi	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 5288625 Fax: +94 11 2695794 **Co. Reg. No.** PV 130983 **Auditors :** Messrs KPMG (Chartered Accountants)
Melsta Pharmaceuticals (Private) Limited Board of Directors A. L. Gooneratne Dr. A. C. Jayakody (Appointed w.e.f. 22.04.2021) L. U. D. Fernando (Appointed w.e.f. 22.04.2021) N. Nagahawatte (Appointed w.e.f. 22.04.2021) K. D. Bernard (Resigned w.e.f. 23.04.2021)	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 5288625 Fax: +94 11 2695794 **Co. Reg. No.** PV 124904 **Auditors :** Messrs KPMG (Chartered Accountants)
Melsta Healthcare Colombo (Private) Limited Board of Directors A. L. Gooneratne Dr. K. T. Iraivan Dr. A. C. Jayakody D. S. C. Mallawaarachchi	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 5288625 Fax : +94 11 2695794 **Co. Reg. No.** PV 130988 **Auditors :** Messrs KPMG (Chartered Accountants)
Hospital Management Melsta (Private) Limited Board of Directors D. H. S. Jayawardena A. L. Gooneratne Dr. A. C. Jayakody Dr. K. T. Iraivan V. M. Fernando	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10 Tel: +94 11 5288625 Fax: +94 11 2695794 **Co. Reg. No.** PV 130982 **Auditors :** Messrs KPMG (Chartered Accountants)
Melsta Hospitals Ragama (Private) Limited Board of Directors C. R. Jansz - Chairman A. L. Gooneratne D. Hasitha S. Jayawardena Dr. K. T. Iraivan Dr. A. C. Jayakody	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10. Tel : +94 11 5288625 Fax: +94 11 2695794 **Co. Reg. No.** PV 77421 **Auditors :** Messrs KPMG (Chartered Accountants)
Melsta Hospitals Colombo North (Private) Limited Board of Directors C. R. Jansz - Chairman A. L. Gooneratne D. Hasitha S. Jayawardena Dr. K. T. Iraivan Dr. A. C. Jayakody	**Secretary :** Ms. N. C. Gunawardena **Registered Office** 110, Norris Canal Road, Colombo 10. Tel : +94 11 5288625 Fax: +94 11 2695794 **Co. Reg. No.** PV 89856 **Auditors :** Messrs KPMG (Chartered Accountants)
Formula World (Private) Limited Board of Directors G. D. C. de Silva A. L. Gooneratne (Resigned w.e.f. 10.02.2022) T. S. A. Fernandopulle (Resigned w.e.f. 23.06.2022) C. Abeywickremara (Appointed w.e.f. 05.05.2022)	**Secretary :** P. W. Corporate Secretarial (Pvt) Limited **Registered Office** No. 79, C.W.W. Kannangara Mawatha, Colombo 7. Tel: +94 11 5200200 **Co. Reg. No.** PV 00225362 **Auditors :** KPMG (Chartered Accountants)

Group Directory

Diversified Holdings (Contd.)	
Pelwatte Sugar Industries PLC Board of Directors D. H. S. Jayawardena Capt. K. J. Kahanda (Retd.) R. Wettewa D. A. de S. Wickramanayake D. H. J. Gunawardena C. S. Weeraratne D. A. E. de S. Wickramanayake K. K. U. Wijeyesekera	**Secretaries :** Managers & Secretaries (Pvt) Limited **Registered Office** 27, Melbourne Avenue, Colombo 04 Tel: +94 11 2589390 Fax: +94 11 2500674 **Co. Reg. No.** PQ 30 **Auditors :** Messrs Ernst & Young (Chartered Accountants)
Pelwatte Sugar Distilleries (Pvt) Limited Board of Directors Capt. K. J. Kahanda (Retd.) - Managing Director D. A. de S. Wickramanayake	**Secretaries :** Managers & Secretaries (Pvt) Limited **Registered Office** 27, Melbourne Avenue, Colombo 04 Tel: +94 11 2589390 Fax: +94 11 2500674 **Co. Reg. No.** PV 10221 **Auditors :** Messrs Ernst & Young (Chartered Accountants)
Pelwatte Agriculture & Engineering Services (Pvt) Limited Board of Directors D. A. de. S. Wickramanayake C. S. Weeraratne	**Secretaries :** Managers & Secretaries (Pvt) Limited **Registered Office** 27, Melbourne Avenue, Colombo 04 Tel: +94 11 2589390 Fax: +94 11 2500674 **Co. Reg. No.** PV 66850 **Auditors :** Messrs Ernst & Young (Chartered Accountants)
Joint Venture	
Melsta Gama (Private) Limited Board of Directors D. H. S. Jayawardena M. S. Mawzoon V. M. Fernando M. T. Siddique Capt. K. J. Kahanda (Retd.) S. Gurung D. Hasitha S. Jayawardena (Alternate to D. H. S. Jayawardena)	**Secretaries :** Corporate Services (Private) Limited **Registered Office** 6, Flower Terrace, Colombo 04. Tel: +94 11 257 4042 Fax: +94 11 2575045 **Co. Reg. No.** PV 123310 **Auditors :** Messrs KPMG (Chartered Accountants)
Associates	
Pelwatte Dairy Industries Limited Board of Directors D. A. de S. Wickramanayake D. A. E. de S. Wickramanayake D. H. J. Gunawardena A. N. F. Perera	**Secretaries :** Maidas Secretarial Services (Pvt) Limited **Registered Office** A/4, Perahera Mawatha, Colombo 03 **Co. Reg. No.** PV 16876 **Auditors:** Messrs Ernst & Young (Chartered Accountants)
Amethyst Leisure Limited Board of Directors Ms. D. S. T. Jayawardena - Chairperson Ms. V. J. Senaratne J. C. Weerakoon	**Secretaries :** Aitken Spence Corporate Finance (Private) Limited **Registered Office** 315, Vauxhall Street, Colombo 02 Tel: +94 11 2308308 Fax: +94 11 2308099 **Co. Reg. No.** PQ 202 **Auditors:** Messrs KPMG (Chartered Accountants

Notice of Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING OF **MELSTACORP PLC** will be held as a virtual meeting, via the online meeting platform Zoom at the **"Mini Auditorium"** DCSL, No 110, Norris Canal Road, Colombo 10. Sri Lanka on 22 September 2022 at 11.00 a.m. for the following purposes.

1. To receive and consider the Annual Report of the Directors and the Financial Statements of the company for the year ended 31 March 2022.

2. To re-appoint M/s. KPMG, Chartered Accountants, as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31 March 2023.

3. To re-elect as a Director Dr. A.N. Balasuriya who retires from office at the end of this Annual General Meeting in terms of Article 86 of the Articles of Association of the Company and being eligible has offered himself for re-election.

4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. D. H. S. Jayawardena who has reached the age of 80 years.

   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. D. H. S. Jayawardena who has reached the age of 80 years prior to the Annual General Meeting and that he shall accordingly be re-appointed"

5. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. R. Seevaratnam who has reached the age of 79 years.

   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R. Seevaratnam who has reached the age of 79 years prior to the Annual General Meeting and that he shall accordingly be re-appointed"

6. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. Niranjan De Silva Deva Aditya who has reached the age of 74 years.

   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. Niranjan De Silva Deva Aditya who has reached the age of 74 years prior to the Annual General Meeting and that he shall accordingly be re-appointed"

7. To approve the donations and contributions made by the Directors during the year under review and to authorize the Directors to determine donations and contributions for the ensuing year

By order of the Board,

CORPORATE SERVICES (PRIVATE) LIMITED

Secretaries
MELSTACORP PLC
216, De Saram Place, Colombo 10.

31 August 2022,
Colombo.

NOTES:

1. In the interest of protecting public health and facilitating distancing in line with the guidelines issued by the Ministry of Health, Nutrition and Indigenous Medicine, the Annual General Meeting of Melstacorp PLC will be held as a virtual meeting via the online meeting platform Zoom by participants joining in person or proxy and through audio or audiovisual means in the manner specified below, in line with the guidelines given by the Colombo Stock Exchange and the health authorities and as per the applicable laws:

I. Attendance of the Chairman and the Board of Directors

The Chairman, Managing Director, Board of Directors, certain Key Management Personnel, the Company Secretary, and the External Auditors will participate in the meeting through audio or audio and visual means via the online meeting platform. These measures have been adopted to observe social distancing regulations/ requirements to mitigate the dangers of the spread of the COVID 19 virus.

II. Shareholder Participation

a. Any Shareholder entitled to attend and vote is entitled to appoint a proxy or proxies in his/her stead. A form ofproxy accompanies this notice. A proxy need not be a Shareholder of the Company.

b. The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them in the meeting.

Notice of Meeting

c. The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate in the meeting through audio or audiovisual means only.

d. The shareholders who wish to participate in the meeting will be able to join the meeting through audio or audiovisual means, via the online meeting platform Zoom. To facilitate this process, the shareholders are required to furnish the details of the shareholder and proxy holder, if any, by perfecting Annexure II to the circular to shareholders uploaded to the company website and the website of the Colombo Stock Exchange and forward same to **agm2022@melsta.com** or by post to the registered address of the company No. 110, Norris Canal Road, Colombo 10. Sri Lanka, to reach the Company **not less than three (3) days before the date appointed for holding the meeting** so that the meeting login information could be forwarded to the e-mail address as provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.

e. To facilitate the appointment of proxies, the Form of Proxy uploaded to the company website and Colombo Stock Exchange website and the duly filled Form of Proxy should be sent to reach the Registrars of the Company via e mail **agm2022@melsta.com** or by post to the registered address of the company No. 110, Norris Canal Road, Colombo 10. Sri Lanka, **not less than thirty-six (36) hours before the time fixed for the meeting.**

III. Shareholder's Queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company, via e-mail to **agm2022@melsta.com** or by post to the registered address of the Company No. 110, Norris Canal Road, Colombo10, Sri Lanka **not less than three (03) days before the date of the meeting.** This is in order to enable the Company to compile the queries and forward the same to the attention of the Board of Directors so that same could be addressed at the meeting.

2. Voting in respect of the resolutions sought to be passed will be registered by using the online meeting platform Zoom or another designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.

3. Shareholders can use the "Q&A Forum" to communicate your questions/concerns as and when required.

4. The Annual Report of the Company for the year 2021/22 will be available for perusal on the Company website **www.melstacorp.com** and the Colombo Stock Exchange website on **www.cse.lk**.

5. For any questions please contact **Ms. N. C. Gunawardena** of Melstacorp PLC as follows during office hours:

Telephone: +94 11 5900380 , +94 11 5900300 Ext: 380
Email: **agm2022@melsta.com**

Notes

Notes

Form of Proxy

Folio No.	

I / We...............……………………………...

of……..……...being a shareholder / shareholders of Melstacorp PLC hereby appoint Don Harold Stassen Jayawardena* or failing him Cedric Royle Jansz* or failing him Niranjan de Silva Deva Aditya* or failing him Kolitha Jagath Kahanda* or failing him Adrian Naomal Balasuriya* or failing him Don Hasitha Stassen Jayawardena* or failing him Ranjeevan Seevaratnam*

or...of...

.... as my/our* proxy to vote for me/us on my/our behalf for/or against the resolution and/or to speak at the Annual General Meeting of the Company to be held on the 22nd day of September 2022 and at any adjournment thereof.* Please delete the inappropriate words.

** Please write your Folio Number which is given on the top left of the address sticker

……………………….....................…..

Signature of Shareholder

Dated this ……………………day of …………….2022

Notes:

1. Proxy need not be a shareholder of the Company.

2. In terms of Article 72 of Articles of Association of the Company.

The instrument appointing a proxy shall be in wring and, In the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporation shall be signed as provided by its Articles of Association by person/s authorised to do so, on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any person so signing, A proxy need not be a shareholder of the Company.

3. In terms of Article 73 of the Articles of Association of the Company.

The instrument appointing a proxy, and the power of attorney (if any) under which it is signed, or a notarially certified copy of such power, or any other document necessary to show the validity of or otherwise relating to the appointment of the Proxy shall be deposited for inspection at the Office or sent by electronic mail to an electronic mail account notified by the Company to the Shareholders in writing not less than thirty-six hours before the time appointed for holding the meeting or adjourned meeting, or in the case of a poll before the time appointed for taking of the poll at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid, provided however in the case of a meeting called by shorter notice as set out in Section 135(3) of the Act a proxy and any other documents as aforesaid shall be valid if deposited at the Office or received by electronic mail to an electronic mail account notified by the Company to the Shareholders in writing not less than twenty-four hours before the time appointed for holding the meeting called by such shorter notice or such adjourned meeting.

4. In terms of Article 67 of the Articles of Association of the Company.

In the case of joint-holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint-holders, and for this purpose seniority shall be determined by the order in which the name stands in the Register of Shareholders in respect of the joint holding.

5. Instructions as to completion are noted overleaf;

Instructions as to Completion of Form of Proxy

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.

2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.

3. In the case of a Company / Corporation, the Form of Proxy shall be executed in the manner specified in the Articles of Association of Melstacorp PLC.

4. In the absence of any specific instructions as to voting, the proxy may use his / her discretion in exercising the vote on behalf of his appointer.

5. Duly filled forms of proxy should be sent to reach the Company via e-mail to **agm2022@melsta.com** or by post to the registered address of the Company No: 110, Norris Canal Road, Colombo 10, Sri Lanka, **not less than thirty-six (36) hours before the time appointed for the holding of the meeting.**

මෙම වාර්තාව සම්පූර්ණයෙන්ම පිළියෙල කර ඇත්තේ ඉංග්‍රීසි භාෂාවෙනි. ඔබට සභාපතිතුමාගේ පණිවුඩය, අධ්‍යක්ෂකවරුන්ගේ වාර්ෂික වාර්තාව සහ විගණක වාර්තාව සිංහල හෝ දෙමළ භාෂාවෙන් සකසන ලද පරිවර්තනයක් අවශ්‍ය නම්, ඒ බව ලේකම්, මෙල්ස්ටාකෝප් පීඑල්සී අංක 110, නොරිස් කැනල් පාර, කොළඹ 10 යන ලිපිනයට 2022, සැප්තැම්බර් මස 15 වෙනි දිනට ප්‍රථම දන්වන්න.

இவ்வறிக்கை முழுமையாக ஆங்கிலத்தில் உள்ளது. தலைவரின் செய்தி, பணிப்பாளர் சபையின் வருடாந்த அறிக்கை, கணக்காய்வாளரின் அறிக்கை, ஆகியவற்றின் சிங்களம் அல்லது தமிழ் மொழிபெயர்ப்பு வேண்டுமாயின், தயவுசெய்து கடிதம் மூலம் பின்வரும் விலாசத்திற்கு, 2022 செப்டம்பர் மாதம் 15ம் திகதிக்கு முன் அறிவிக்கவும். செயலாளர், மெல்ஸ்டாகோர்ப் பி.எல்.சி, இலக்கம் 110, நொரிஸ் கெனல் வீதி, கொழும்பு 10.

This report is entirely in English. If you require a translated copy of The Chairman’s Statement, Annual Report of the Board of Directors and The Auditor’s Report in Sinhala or Tamil, please make a request by letter addressed to the Secretary, Melstacorp PLC, No. 110, Norris Canal Road, Colombo 10 before 15th day of September 2022.

Corporate Information

Company Name
Melstacorp PLC

Domicile and Legal Form of the Holding Company
Public Limited Liability Company Incorporated
and Domiciled in Sri Lanka and listed on the
Colombo Stock Exchange

Registration No.
PB 11755 PQ

Ultimate Parent Company
Milford Exports (Ceylon) (Pvt) Ltd.

Registered Office
110, Norris Canal Road,
Colombo 10, Sri Lanka.
Tel: +94 11 5900300 Fax: +94 11 5900333
Web: www.melstacorp.com

Board of Directors
Mr. D. H. S. Jayawardena - Chairman
Mr. A. L. Gooneratne - Managing Director
Mr. C. R. Jansz
Mr. N. de. S. Deva Aditya
Capt. K. J. Kahanda (Retd.)
Dr. A. N. Balasuriya
Mr. D. Hasitha S. Jayawardena
Mr. R. Seevaratnam
Ms. V. J. Senaratne – (Alternate to Mr. N. de. S. Deva Aditya)

Audit Committee
Mr. R. Seevaratnam - Chairman
Mr. N. de. S. Deva Aditya
Dr. A. N. Balasuriya
Mr. D. Hasitha S. Jayawardena

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

Related Party Transactions Review Committee
Mr. R. Seevaratnam - Chairman
Dr. A. N. Balasuriya
Mr. D. Hasitha S. Jayawardena

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

Company Secretary
Corporate Services (Private) Limited
No. 216, De Saram Road,
Colombo 10, Sri Lanka.
Tel: +94 11 4605100
Fax: +94 11 4718220

Registrars
Central Depository Systems (Private) Limited
Registrar Services and Corporate Actions Unit
No. 341/5, M & M Center, Kotte Road,
Rajagiriya, Sri Lanka.
Tel: +94 11 2356456
Fax: +94 11 2440396

Auditors
Messrs KPMG (Chartered Accountants)
32A, Sir Mohamed Macan Marker Mawatha,
Colombo 03, Sri Lanka.

Bankers
Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC

Credit Rating
The Company has been assigned 'AAA (lka)'
National Long Term Rating with a Stable Outlook
by Fitch Ratings Lanka Limited.

Designed & produced by
SPLENDOR
Imagine · Do

www.melstacorp.com

MELSTACORP PLC

110, Norris Canal Road, Colombo 10, Sri Lanka
Tel: +94 11 5900300   Fax: +94 11 5900333