CONQUERING CHAOS

Aitken Spence

ANNUAL REPORT 2020-2021

FROM CHAOS

1000Mn
drop in international tourist arrivals

COVID-19

58%
Drop in room nights

Lockdown

BORDERS CLOSED

Rs. 5.7 Bn
loss from operations in the tourism sector

grounded

Unsafe @ home

RESTRICTIONS

family

International arrivals HALTED

chanGe

Disruption

Work-life balance

Stepping back

Uncertainty

TO PROGRESS...

An undeterred team spirit amongst all Spensonians, going beyond the call of duty to create order amidst chaos and face the unexpected.

Our Power Generation segment which provides vital support services to the economy continued uninterrupted despite lockdown.

Providing job assurance with the garment industry commencing as soon as lockdown was lifted.

The Group honoured all commitments on time to its suppliers.

Maritime & Freight Logistics sector continued operations despite lock downs which facilitated the smooth functioning of the supply chain.

The uninterrupted operations in our plantations facilitated foreign exchange earnings to the country.

Since the reopening of borders for tourists, Aitken Spence Travels was the first destination management company to organise weekly charter flights from Kazakhstan, generating significant foreign exchange earnings to the country.

The Printing & Packaging segment provided essential support services to the value added tea and apparel manufacturing industries enabling the continuity of these industries.

The Group's latest iconic venture, Sri Lanka's first waste-to-energy project with an investment of Rs. 13 Bn will generate renewable energy to the country whilst providing a sustainable solution to the crisis of waste management.

...TO CONQUERING CHAOS.

Customers
continuous delivery of products and solutions

Employees
confidence, certainty and assurance in the future

Nation
contributing towards continuous national progress and development

Suppliers
providing assurance through the continuity of the supply chain

Investors
securing a 19% growth in profits of the non-tourism sectors

Community
development and positive impact through various initiatives

"Over the years, we have navigated times of complexity and change to bring endless possibilities to our stakeholders"

To many of us, chaos represents the unpredictable and the unexpected. However, at Aitken Spence we transform chaos into opportunity and progress. Over the years, we have navigated times of complexity and change to bring endless possibilities to our stakeholders, and the year under review has been no different.

The past year brought a sense of loss and devastation, bringing the world to a standstill. Despite these unprecedented challenges, an undying Spensonian spirit enabled us to successfully rise above one of the most turbulent periods in the Company's history. Demonstrating purposeful leadership through team effort, we relied on our collective knowledge, innovation and insight to bring order to a tumultuous environment; to prevail against the unexpected with strength and vigour, and challenge the unknown with strategies designed to redefine the future as we know it.

We are rising above the challenge of change.

We are conquering chaos.

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Supplementary Information

The true test of performance beyond excellence is defined by the commitment to stay the course, especially in challenging conditions. Aitken Spence proved our mettle yet again and was the **most awarded company at the Best Corporate Citizen Sustainability Award 2020.** Aitken Spence is the only company to have been ranked among the Top Ten Corporate Citizens of Sri Lanka for 15 consecutive years.

ABOUT THE REPORT

This is the 10th Integrated Annual Report of Aitken Spence PLC presenting the performance of the Group during the financial year ended 31st March 2021. We have maintained a stakeholder focused structure in line with the previous year facilitating assessment of value delivered to stakeholders and value derived by the Group. Our aim is to provide a balanced review of our performance, communicating relevant material information in a concise but comprehensive manner in line with best practice in corporate reporting.

http://www.aitkenspence.com/annualreport/

Frameworks Applied

Frameworks used in preparation of this report are set out below:

STATUTORY FRAMEWORKS

- Companies Act No.7 of 2007
- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Listing Rules of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance

VOLUNTARY FRAMEWORKS

- IR Framework issued by the International Integrated Reporting Council
- GRI Standards "In Accordance – Core"
- UN Global Compact
- Women's Empowerment Principles
- Communicating Sustainability issued by the Colombo Stock Exchange

ASSURANCE

- Assurance has been provided by KPMG on the Financial Statements including the Notes to the Accounts.
- We postponed assurance of non-financial information for 2020/2021 to avoid compromising the comprehensiveness and quality of the process that could arise from limitations posed by COVID-19 restrictions to visit operational sites.

While we take every effort to make the report concise, the diversity of our operations spread across 112 companies operating in 16 distinct industry segments which are categorised into 4 sectors for administrative purposes makes this a difficult task. Relevant financial and non-financial information relating to the segments are provided as we believe that it is important to our investors at a time of heightened uncertainty.

Scope & Boundaries

Financial information is presented in accordance with regulatory requirements and represents performance of the Company and its subsidiaries and equity accounted investees.

Non-financial information is reported for the operational sites listed below. Disclosures on the resource consumption and generation of waste at our operations in Fiji are included in the report. Our education segment, destination management operation in Myanmar, Freight & Courier operations in Bangladesh and the Maldives, Printing & Packaging operations in Fiji and the Elevator operation in the Maldives do not disclose non-financial information as the Group's sustainability strategy is yet to be operationally extended to these businesses.

Our Reporting Boundary

TOURISM SECTOR

Financial and Non-financial disclosures included;
Hotels in Sri Lanka, Maldives, India and Oman, Airline GSA, and Destination Management - Sri Lanka

Financial disclosures only;
Destination Management- Myanmar

MARITIME & FREIGHT LOGISTICS SECTOR

Financial and Non-financial disclosures included;
Integrated Logistics, Freight & Courier - Sri Lanka, GSA Cargo, Port operation (partially reported), Liner Operation

Financial disclosures only;
Education, Freight & Courier- Bangladesh and Maldives

STRATEGIC INVESTMENTS SECTOR

Financial and Non-financial disclosures included;
Power Generation, Plantations, Apparels, Printing & Packaging- Sri Lanka

Financial disclosures only;
Printing & Packaging- Fiji

SERVICES SECTOR

Financial and Non-financial disclosures included;
Elevators - Sri Lanka, Property Management, Insurance, Money Transfer

Financial disclosures only;
Elevators- Maldives

Forward Looking Statements

We have included forward looking statements in this report based on opinions, forecasts and judgements with varying degrees of uncertainty as they relate to future events, outcomes and impacts which are beyond our control. This information has been provided as we believe they are valuable to assess the future potential of the Group and we have provided the same using reliable sources of information wherever possible which are indicated where relevant. The Board and other preparers of the Annual Report provide this information without recourse or any liability whatsoever due to the relatively high levels of uncertainty regarding the complex matrices of variables and assumptions used to forecast the same and the uncertainties related to forecast external information used in internal forecasts.

Acknowledgement

The Management of Aitken Spence PLC has prepared, reviewed and approved the contents of the annual report for the year ended 31st March 2021.

The report was unanimously approved by the Board of Directors on 28th May 2021. The acknowledgement of the Board's responsibility for the annual report and its contents are given in the Annual Report of the Board of Directors on page 205.

Feedback & Inquiries

A feedback form is provided at the end of this report. We would appreciate your feedback on the Annual Report using this form which can be mailed to the Company Secretaries with "Annual Report 2020-2021 Feedback" written on the top left hand corner of the envelope. The form is also available online and these responses will be automatically fed to our Annual Report Team. We value your feedback and will use the same in improving the Annual Report in the year that has commenced.

Please contact the following person for inquiries regarding the Annual Report:

Contact details

Ms. Heshani Fernando
Email: heshani@aitkenspence.lk
Facsimile: +94 11 2445406
Mail: No. 315, Vauxhall Street, Colombo 2

Navigation Pane

Disclosures required for the GRI Standard framework, the UNGC Principles and the Women's Empowerment Principles have been integrated within this report. The GRI Index on page 337 gives an outline of the disclosures included and where to find them.

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Additionally, information for specific material topics within sections of this report can be found by looking for the following markers at the bottom of the page.

In this section;

GRI 102 -40 Defining report content and topic boundaries

The following sector icons are also used to highlight key information within the report for ease of reference;

- Disclosures applicable to the Tourism sector
- Disclosures applicable to the Maritime and Freight Logistics sector
- Disclosures applicable to the Strategic Investments sector
- Disclosures applicable to the Services sector

ABOUT US

Aitken Spence

Operating for over 150 years we are listed on the Colombo Stock Exchange since 1983. We are a diversified Group of companies with a strong regional presence in the hotels, travels, maritime & port services, logistics solutions, plantations, power generation, financial outsourcing, insurance, printing and packaging and apparel manufacturing sectors. Our journey commencing in 1868 as an exporter and importer of goods has taken us from the southern port in Sri Lanka to 8 countries across Asia, the South Pacific and the African continent. The Group's strength is in its purposeful leadership, enduring partnerships and the commitment of our employees coupled with a valued reputation for fair play. The strong financial position and our diverse infrastructure provides testimony of the success we have achieved over the years.

Vision

To achieve excellence in all our activities, establish high growth businesses in Sri Lanka and across new frontiers, and become a globally competitive market leader in the region.

Purpose Statement

"Inspire to Create Great Futures for All"

Values

- Reliable
- Honest & Transparent
- Warm & Friendly
- Genuine
- Inspire Confidence

4 SECTORS
16 SEGMENTS

TOURISM

- Hotels
- Destination Management
- Airline GSA

MARITIME & FREIGHT LOGISTICS

- Maritime & Port Services
- Freight Forwarding & Courier
- Integrated Logistics
- Airline GSA (Cargo)
- Education

STRATEGIC INVESTMENTS

- Power Generation
- Apparel Manufacture
- Printing & Packaging
- Plantations

SERVICES

- Insurance
- Money Transfer
- Property Management
- Elevator Agency

12,500 EMPLOYEES

8 COUNTRIES

Rs. 6.7 Bn Revenue

Rs. (7.9) Bn Loss before tax

Rs. 77.3 Bn Total Assets

2,904 Employees

384 | 2,520

Rs. 11.0 Bn Revenue

Rs. 2.6 Bn Profit before tax

Rs. 15.5 Bn Total Assets

1,658 Employees

286 | 1,372

Rs. 17.0 Bn Revenue

Rs. 2.0 Bn Profit before tax

Rs. 48.0 Bn Total Assets

7,675 Employees

4,481 | 3,194

Rs. 1.4 Bn Revenue

Rs. 0.4 Bn Profit before tax

Rs. 4.4 Bn Total Assets

263 Employees

35 | 228

SRI LANKA

MALDIVES

FIJI

BANGLADESH

OMAN

INDIA

MOZAMBIQUE

MYANMAR

VALUE CREATION MODEL

OUR CAPITALS (INPUTS)

HUMAN CAPITAL

A team of 12,500 employees located in eight countries drive our performance

FINANCIAL CAPITAL

Cash and bank balances, working capital, interest bearing borrowings, equity and facilities provided by the banks comprise our Financial Capital

SOCIAL & RELATIONSHIP CAPITAL

Trusted partnerships across our supply chain, industry associations and the communities we operate in are key components of the Group's Social & Relationship Capital

NATURAL CAPITAL

Comprising of the natural resources consumed and the natural ecosystems engaged in our operations, our natural capital is managed with due regard to sustainability and responsible consumption. Included in this report are the topics considered material based on extensive internal assessments.

MANUFACTURED CAPITAL

Our Manufactured capital provides a significant competitive edge, often determining our revenue generating capacity in key investment sectors.

INTELLECTUAL CAPITAL

Our performance is underpinned by strong systems and processes, with tacit knowledge developed over 150+ years of operations and a diverse portfolio of products and services.

Vision

To achieve excellence in all our activities, establish high growth businesses in Sri Lanka and across new frontiers, and become a globally competitive market leader in the region

Purpose

Inspire to create great futures for all

TOURISM

MARITIME & FREIGHT LOGISTICS

STRATEGIC INVESTMENTS

SERVICES

WHAT WE DO

HOW WE DO IT

Efforts of Aitken Spence are founded on the purpose of creating long term value and inspiring great futures for all stakeholders.

VALUES THAT GUIDE US;

Reliable | Honest & Transparent | Genuine
Warm & Friendly | Inspire Confidence

OUR FRAMEWORKS AND BUSINESS ACTIVITIES;

- Compliance
- Corporate culture
- Strategic planning
- Talent management
- Financial management
- Risk management
- Corporate governance
- Sustainability

VALUE CREATED (OUTPUTS)

HUMAN CAPITAL
- 41% female representation in the workforce
- Increased online learning through TARTAN, the Group's Learning Management System; increased learning coverage to 60% executives

FINANCIAL CAPITAL
- Rs. 31.6 Bn revenue
- Rs. 11.7 Bn total value added
- Rs. 47.9 Bn foreign exchange generated to the country

SOCIAL & RELATIONSHIP CAPITAL
- Over 3,500 suppliers educated on social and environmental sustainability
- Rs. 136 Mn direct funds channelled to community development and Rs. 170 Mn funds channelled through donors

NATURAL CAPITAL
- 36% of the total energy consumption and 44% of the direct energy consumption from renewable energy
- >45,000 MT of residual municipal solid waste kept away from landfills
- Over 80ha of forest cover maintained in its pristine condition
- 339,482m^3 waste water treated for safe reuse or disposal

MANUFACTURED CAPITAL
- Rs. 79.8 Bn manufactured capital
- Expansion of renewable energy capacity with the waste to energy power plant and 3 hydro power plants
- 2,840 hotel room inventory owned and managed

INTELLECTUAL CAPITAL
- State of the art technology introduced to Sri Lanka
- Ranked in the Top 3 Conglomerate Brands, LMD Brands Annual 2020

OUTCOMES AND VALUE PRESERVATION

HUMAN CAPITAL
← Inclusive growth and productive employment
← Decent work for all our employees
← Reskilled workforce to face the changing dynamics of the working environment.
→ Work environment created by COVID-19 was a challenge to preserve human capital

FINANCIAL CAPITAL
← Financial stability and access to financial capital
← Preserving liquidity
← Foreign exchange generation
→ More cash outflows for sustainable investments

SOCIAL & RELATIONSHIP CAPITAL
← The importance of long standing, trusted partnerships emerged as a powerful tool for business survival during this crisis. The Group worked together with our long standing business partners, suppliers, service providers and community members to manage the challenges posed by COVID-19.

NATURAL CAPITAL
← At a time when all businesses faced unprecedented challenges, the Group's focus on sustainability continued unabated. Focusing on the ethos to 'Build Better Before', Aitken Spence is committed to invest in sustainable industrialisation, resilient infrastructure and concerted efforts to protect ecosystems.
← Increase in emissions offset
← Increase in rainwater harvested for consumption
→ Emissions from incineration increased

MANUFACTURED CAPITAL
← Sri Lanka's first waste to energy power plant
← Increase in manufacturing capacity for renewable energy
→ Decreased utilisation of office space due to lockdowns
→ Delay in the construction of the proposed ecofriendly adventure theme park due to the pandemic

INTELLECTUAL CAPITAL
← Brand recognition for providing a sustainable solution to the country's waste management problem
← Technological advancement and transformation
← Lessons learned in resilience from COVID-19

Trade-offs between capitals;
Note: ← Enhancement of capital → Deduction of capital

THE GLOBAL REALITIES AND OUR PROGRESS IN AN UNPRECEDENTED YEAR

The financial year began with **unprecedented lockdowns** and border closures in Sri Lanka and the regions where we operate due to the global spread of COVID-19 pandemic.

2020 »

Q1

APRIL MAY JUNE

Aitken Spence moved up six positions, to be

ranked among the top three best conglomerate brands 2020

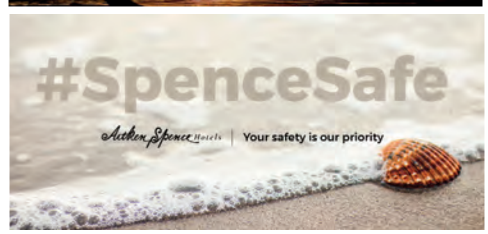
compiled in a special edition by LMD.

Elpitiya Plantations PLC entered into a

Shareholders' Agreement with Sim Leisure Group Ltd.

A listed company in Singapore Stock Exchange, displaying extraordinary confidence between both parties amid the economic impacts of COVID-19.

'SpenceSafe', a comprehensive safety guideline for guests



Aitken Spence Hotels launched 'SpenceSafe', a comprehensive safety guideline for guests, in a bid to prevent the spread of COVID-19. Its purpose was to reassure and restore confidence by sharing comprehensive and cohesive health and safety procedures encompassing all functions.

The lockdown imposed in Sri Lanka was lifted while border controls remained. However, essential international travel including repatriation flights commenced.

The Maldives reopened their borders for international tourism after almost four months of closure with enhanced precautionary measures against COVID-19.

Q2

JULY AUGUST SEPTEMBER

Aitken Spence PLC's first virtual AGM

The Group achieved yet another milestone in its 150+ year legacy, by successfully conducting Aitken Spence PLC's first virtual AGM, being among the country's first companies to make this transition.

Logilink (Pvt) Ltd., became the first container freight station in Sri Lanka to receive both ISO 14001:2015 and ISO 45001:2018 certifications.

These were awarded for environmental management and occupational health & safety respectively by SGS Lanka (Pvt) Ltd.

Heritance Hotels and Resorts

was recognised at Condé Nast Traveller Readers' Choice Awards Middle East 2020 with Heritance Kandalama, Sri Lanka, and Heritance Aarah, Maldives, stealing the limelight. It was the only Sri Lankan hotel chain to be recognised in this travel and hospitality awards programme based on unbiased readers' votes.

Inoculation of citizens against COVID-19 commenced in developed countries with certain borders reopening with easing of restrictions on travel and social gatherings.

A second wave of COVID-19 hit Sri Lanka, followed by more localised lockdowns as opposed to a nation-wide lockdown.

The Maldives welcomed its 500,000th tourist in December 2020.

2020 »

Q3

OCTOBER NOVEMBER DECEMBER

‘Safe and Secure’ Tourism Certificate of Compliance

Aitken Spence Travels became one of the first DMCs to be awarded the ‘Safe and Secure’ Tourism Certificate of Compliance by the Sri Lanka Tourism Development Authority, through an independent assessment conducted by KPMG Sri Lanka.

Safe travels by WORLD TRAVEL & TOURISM COUNCIL SO SRI LANKA

With the Maldives opening its borders to tourists, four of our resorts including our flagship property Heritance Aarah recommenced operations incorporating both national and international health and safety guidelines, thereby providing a much needed recompense to the Tourism sector of Group.

Sri Lanka and Maldives began inoculating against COVID-19.

India reported a sharp rise in the number of COVID-19 infected patients with Maldives imposing additional restrictions on travellers from India and South Asian countries.

2021 ››

Q4

JANUARY FEBRUARY MARCH

Sri Lanka's First Waste to Energy Power Plant

Aitken Spence launched Sri Lanka's first waste to energy power plant with an investment of approximately Rs. 13 billion.

Facilitated the First Charter Flight from Kazakhstan

Aitken Spence Travels facilitated the first charter flight from Kazakhstan, in partnership with TUI Kazakhstan on the 6th of February, the first charter since airports reopened for tourist arrivals.

Achievements:

Aitken Spence became the Most Awarded Company at the Best Corporate Citizen Sustainability Awards 2020, with 12 awards – the highest number received by a single company at the awards ceremony organised by the Ceylon Chamber of Commerce.

Aitken Spence PLC and Aitken Spence Hotel Holdings PLC were among the top 10 Most Awarded by LMD. Aitken Spence is the only Group that has two companies in the top 10 ranking.

A CATALYST FOR PROGRESS

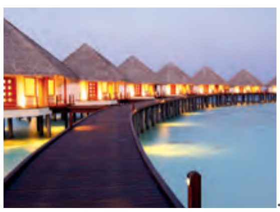
Aitken Spence has been a catalyst for socioeconomic progress in Sri Lanka and other countries where it operates. Utilising its expertise to develop vital sectors of their economies, the positive outcomes of its investments include creation of new jobs, access to markets through its well-established network of business partners, facilitation of trade and foreign exchange earnings.

First Sri Lankan Company to invest in a waste to energy project

- This is a solution to two national priorities, i.e. the garbage crisis and the energy crisis
- Launched in February 2021
- Energy capacity is 10 MW

Investment in power generation

- The company ventured into this segment at a point where there was a dire need for the private sector to invest in power generation
- Continuing our commitment to support the country's development plans, the Company recently invested in three more hydro power plants



Globalisation of our resort operations

- The largest Sri Lankan resort operator in the Maldives with an inventory of 1,531 rooms in five islands
- Employing over 60% from the local communities
- Introduced LEED architecture to the Maldives with Heritance Aarah

Representing global principals in Sri Lanka

- TUI, Lloyds of London, DB Schenker, Singapore Airlines, Qatar Airways (Cargo) etc. represented in Sri Lanka
- Facilitated inward remittances from Sri Lankan diaspora by representing Western Union, MoneyGram and Ria

CINEC Campus

- From its beginnings in maritime education, the campus has grown to become a leading higher education institution in the country, offering career pathways to students
- Has developed our own portfolio of University Grants Commission approved degree programmes and also conducts degrees affiliated to foreign universities

Catalysing a movement for sustainability

- Heritance Kandalama created a movement for socially and environmentally sustainable hotel operations in the region through its iconic story

Taking Sri Lankan expertise overseas

- First Sri Lankan company to enter into a Public Private Partnership overseas with our entry into port management operations in Fiji

ECONOMIC PERFORMANCE

THE GROUP'S ECONOMIC VALUE ADDED IN 2020/2021

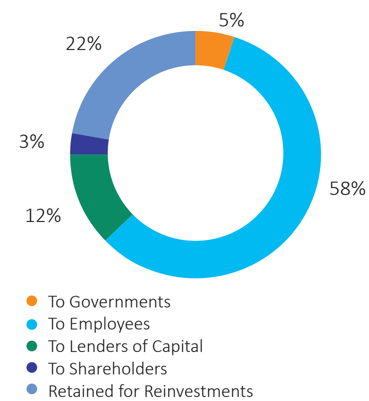
12,500
Employment Generated

Rs.11.7Bn
Total Value Added

Rs.47.9 Bn
Foreign Exchange Generation to the Country

Rs.1.6 Bn
Taxes Paid to Governments

Distribution of Total Value Added by the Group 2020/2021



		2020-2021	2019-2020	2018-2019
TOURISM	Room inventory owned and managed	**2,840**	2,840	2,857
	Tours and excursions handled	**36,294**	110,174	166,843
	Guest nights in owned or managed hotels	**227,703**	1,007,258	1,243,646
MARITIME & FREIGHT LOGISTICS	Total TEUs handled	**910,567**	1,123,372	1,256,736
	Youth capacity building at CINEC Campus	**13,939**	16,627	14,196
	Total warehouse space (sq. ft)	**404,302**	405,000	368,172
	Container storage space (Acres)	**22**	22	22
STRATEGIC INVESTMENTS	Power generated (MWh)	**491,488**	470,919	396,745
	Apparel and PPE produced (pieces '000)	**7,399**	4,945	5,254
	Tea produced (Kgs '000)	**4,451**	4,174	4,518
	Rubber produced (Kgs '000)	**643**	552	660
	Oil palm produced (Kgs '000)	**16,554**	17,323	17,087
SERVICES	Number of inward remittance transactions	**598,890**	474,571	487,865
	Percentage of direct to bank transactions out of inward remittances	**46%**	18%	5%
	Commercial office space (sq. ft)	**195,784**	195,784	195,784
	Number of elevators maintained	**1,731**	1,653	1,487

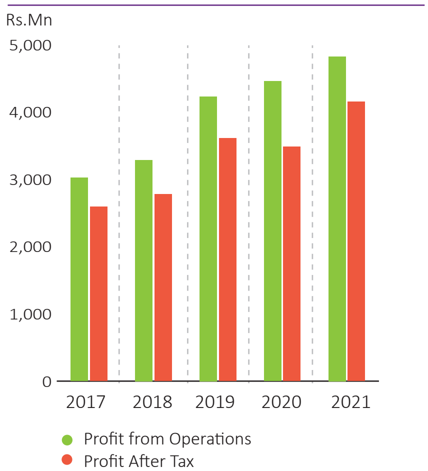
PERFORMANCE HIGHLIGHTS

FINANCIAL PERFORMANCE

	2020-2021 Rs. Mn	2019-2020 Rs. Mn	2018-2019 Rs. Mn
Group revenue	**31,598**	53,471	55,681
Group profit from operations	**(861)**	6,201	8,016
Group profit before tax	**(2,844)**	4,198	7,283
Profit after tax	**(3,314)**	2,887	5,771
Profit attributable to equity holders of the company	**(1,626)**	2,378	4,077

	2020-2021 Rs. Mn	2019-2020 Rs. Mn	2018-2019 Rs. Mn
Group revenue from non-tourism sectors	**25,003**	29,040	27,362
Group profit from operations from non-tourism sectors	**4,827**	4,457	4,231
Group profit before tax from non-tourism sectors	**5,009**	4,213	4,186
Profit after tax from non-tourism sectors	**4,153**	3,484	3,612

Performance of Non-Tourism sectors



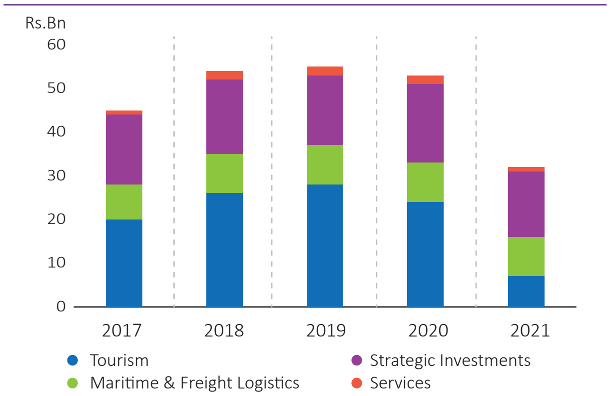
A Strong Performance from the Group's Non-Tourism Sectors

8.3% Growth in profit from operations

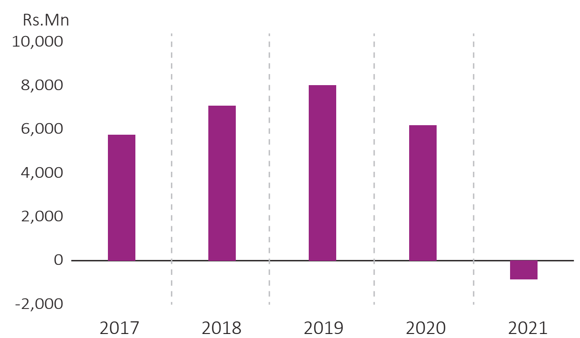
18.9% Growth in profit before tax

19.2% Growth in profit after tax

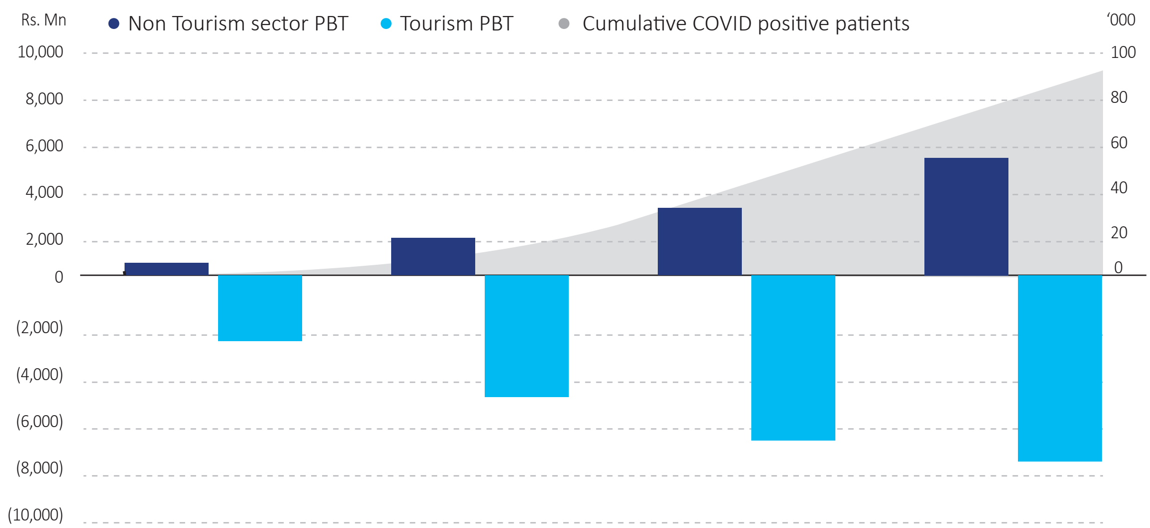
Group Revenue

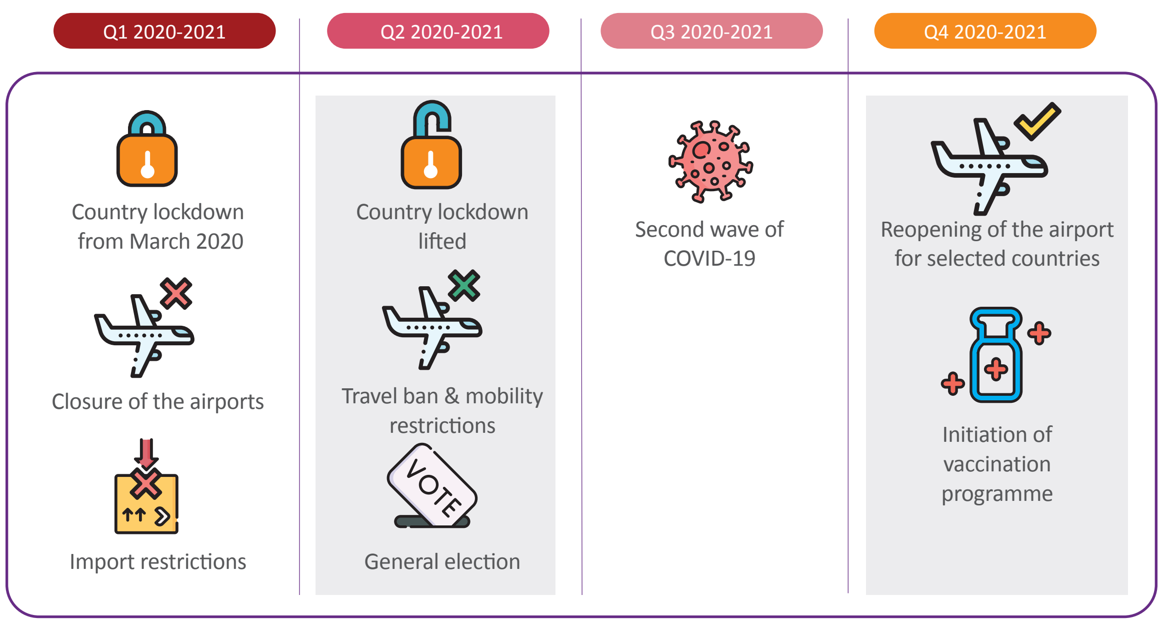


Group Profit from Operations



The COVID-19 pandemic and economic consequences





The COVID-19 pandemic impacted the world economy profoundly and Sri Lanka too was severely affected with the economy contracting by 3.6% in 2020, the worst performance on record. One year after the World Health Organisation declared COVID-19 a global pandemic and as we write this report, there is optimism that the world economy would improve with countries such as USA, UK and the Eurozone cautiously opening up their borders with the success of the vaccination drive. With other countries intensifying the initiative to vaccinate their citizens it is envisaged that the demand for goods and services would increase propelling a growth in the Sri Lankan economy as well.

However, it is vital that the third wave of the virus which is ongoing especially in the South Asian region is curtailed and controlled swiftly, in order to prevent a further unfolding of a humanitarian and economic crisis.

It is anticipated that domestic as well as international tourism would rebound when borders open, due to the strong desire to travel after being in a lockdown for over a period of 12 months. As one of the largest resort operators in Sri Lanka and the Maldives we are confident that travellers would be comfortable to holiday with a company that has stringent safety protocols in place for their guests.

PERFORMANCE HIGHLIGHTS

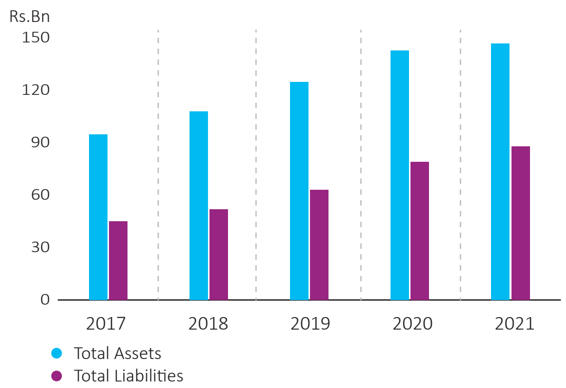
FINANCIAL POSITION

	2020-2021 Rs. Mn	2019-2020 Rs. Mn	2018-2019 Rs. Mn
Non-current assets	**105,731**	103,663	86,758
Current assets	**40,006**	37,811	38,075
Total assets	**146,980**	142,664	124,997
Total equity	**59,192**	63,304	62,086
Non-current liabilities	**54,848**	48,690	34,526
Current liabilities	**32,940**	30,670	28,385
Total liabilities	**87,788**	79,360	62,911

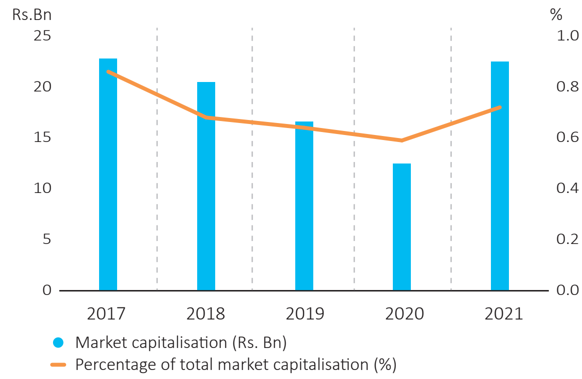
RATIOS AND STATISTICS

	2020-2021	2019-2020	2018-2019
Current ratio (times covered)	**1.21**	1.23	1.34
Cash ratio	**0.24**	0.22	0.28
Debt- equity ratio	**0.66**	0.55	0.47
Return on equity (%)	**(3.24)**	4.74	8.65
Asset turnover ratio for non-tourism sectors	**0.38**	0.51	0.58

Group Total Assets & Liabilities



Market Capitalisation



MARKET POSITION

	2020-2021	2019-2020	2018-2019
Market price per share as at 31st March (Rs.)	**55.50**	30.70	41.00
Earnings per share (Rs.)	**(4.00)**	5.86	10.04
Dividends per share (Rs.)	**1.00**	1.25	2.50
Total shareholder return %	**84**	(22)	(14)
Net asset value per share as at 31st March (Rs.)	**121.90**	125.49	121.80

ENVIRONMENTAL PERFORMANCE

Energy

	2020-2021	2019-2020	2018-2019
Direct energy consumption (GJ)	**403,979**	770,839	553,112
Indirect energy consumption (GJ)	**99,410**	154,604	140,679
Total energy produced from non-renewable sources (GJ)	**214,923**	128,568	305,420
Total energy produced from renewable sources (GJ)	**236,577**	228,182	246,927
Total municipal solid waste kept away from landfill (MT)	**>45,000**	N/A	N/A

Water

	2020-2021	2019-2020	2018-2019
Total volume of water withdrawn (m^3)	**651,752**	1,326,434	1,412,388
Total number of water sources significantly affected by withdrawal	**None**	None	None
Total volume of water treated for use or safe disposal (m^3)	**339,482**	753,544	1,042,195

Emissions

	2020-2021	2019-2020	2018-2019
Direct (Scope 1) greenhouse gas emissions (tCO_{2e})	**328,331**	357,646	279,588
Indirect (Scope 2) greenhouse gas emissions (tCO_{2e})	**20,392**	32,223	29,428
Quantified amount of greenhouse gas emissions reduced and/or offset (tCO_{2e})	**37,338**	25,419	28,575
Total investment in sustainability processes and action plans (Rs. Mn)	**55**	70	153

339,482 m^3

Waste water treated for reuse or safe disposal

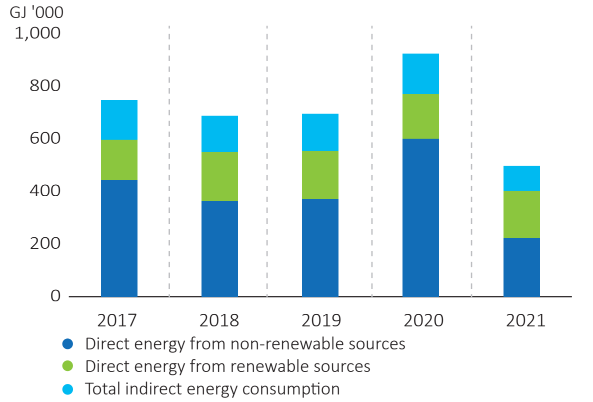
37,338 tonnes CO_{2e}

Emissions reduced and/or offset

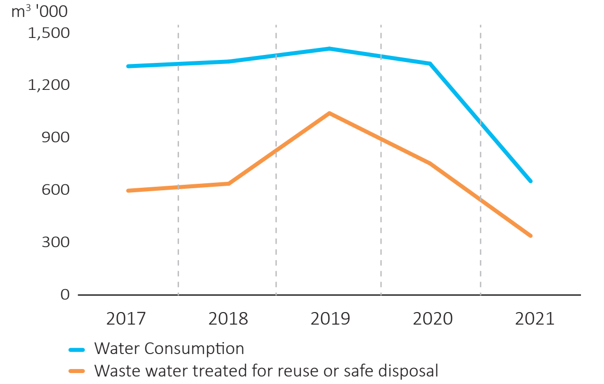
Rs. 55 Mn

Total investment in sustainability processes and action plans

Total energy consumed within the organisation



Water Consumption



PERFORMANCE HIGHLIGHTS

SOCIAL PERFORMANCE

Human Capital Performance

	2020-2021	2019-2020	2018-2019
Total employees (including employees of equity accounted investees)	**12,500**	13,758	14,133
Attrition rate (%)	**21**	28	29
Gender composition			
Females (%)	**41**	41	40
Males (%)	**59**	59	60
Percentage of female managers in the managerial workforce (%)	**16**	15	15
No of employees working on semi-virtual mobility	**336**	26	N/A
Average hours of training per employee (No of hours)	**5**	8	15

827

Innovative ideas submitted by employees

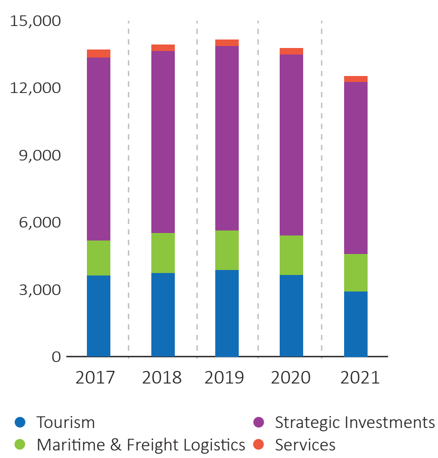
15%

Office space saved through restructuring

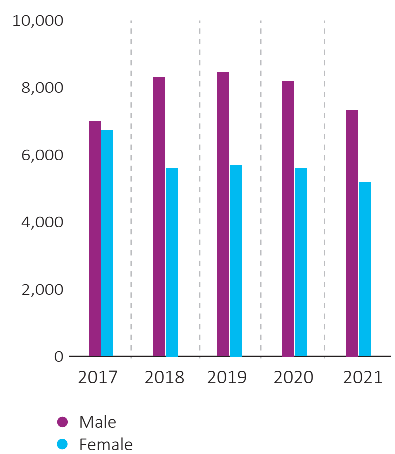
136 Mn

Total funds channelled for community development

Total Employees



Gender Diversity



Social and Relationship Performance

	2020-2021	2019-2020	2018-2019
Total funds channelled for community development (Rs. Mn)	**136**	128	124
Grievances about labour practices filed through formal grievance mechanisms	**3**	3	2
Significant fines and non-monetary sanctions for non-compliance with laws and regulations	**None**	None	None

MANAGING MAYHEM

The past year saw the world fall into complete disarray, with all future plans and targets being swept away. The year saw us refocus our plans to create order out of chaos; to reach our ambitions through purposeful leadership and team effort.

Executive Reviews

CHAIRMAN'S MESSAGE

Deshamanya D.H.S. Jayawardena
Chairman

The social and economic ramifications caused by the COVID-19 pandemic in the past year is unprecedented with loss of lives, jobs and livelihoods and economic hardships for many. On behalf of the Board, I thank everyone who has been on the front line leading and supporting the nation's fight against this invisible enemy. The lives and economies of all countries have been disrupted or changed by the pandemic during the year in varying degrees and the recovery is likely to be an equally divergent and a prolonged process.

Group Performance

The industry hardest hit by the COVID-19 pandemic was tourism with international travel coming to a virtual halt during several months of the financial year. With our substantial investments in the tourism industry spanning many geographies, the negative impact of the COVID-19 pandemic was significant to the Group.

The Group reported a pre-tax loss of Rs. 2.8 billion for the year owing primarily to the losses incurred by the Tourism sector. Nevertheless, the prudent diversification strategies adopted by the Group over the past 150 plus years stood us in good stead with the non-tourism sectors of the Group reporting the highest ever profit before tax of Rs. 5.0 billion, which cushioned the adverse impact of the Tourism sector on overall Group performance.

The financial year 2021/22 is proving to be similarly challenging, as the Group currently remains impacted by the negative financial effects of the COVID-19 pandemic, which has recently been exacerbated following the third wave in Sri Lanka. We however believe that your Company has the necessary resources, management competence and skills to weather another year of storms and come out stronger, while we remain convinced of the potential of the Tourism sector and its ability to be one of the strongest contributors to Group performance in the long term.

Continuing our journey with investments in sectors that are strategically important to the economy, we commissioned the waste to energy power plant during the year, overcoming many challenges due to the pandemic. This project not only increases our earnings capacity but also contributes towards the provision of a sustainable solution for the long-standing problem of waste management in the country. In April 2021 the Group also acquired Waltrim Energy Ltd., comprising of three hydro power plants increasing its capacity in the renewable energy portfolio.

A Global Perspective

The economic impact of the pandemic on different countries has been varied; dependent on Government policies adopted, the extent of reliance on tourism and the strength of the economy at the start of the pandemic. Globally, the situation remains uncertain and fluid as vaccinations are rolled out supporting a return to higher levels of economic activity, while new waves and strains dampen the progress delaying the resumption of contact intensive activities.

Sri Lankan Macroeconomic View

Sri Lanka's GDP growth was also impacted by a two-month lockdown from March 2020 which led to a contraction of 3.6%. Supportive policies implemented by the Government included debt moratoria and an accommodative monetary policy to support businesses adversely impacted by the pandemic. The exchange rate pressure has mounted with a 6.6% depreciation of the Rupee against the US Dollar in the 4th quarter of the financial year. The third wave of the pandemic raises further concerns, particularly for the business sectors affected as well as the overall economy.

The Tourism industry was significantly affected due to lockdowns and border closures, with a resultant loss of income in one of the most people intensive sectors of the economy. The sector accounted for over 4.3% of GDP and 13.7% of total foreign exchange inflows in 2019 and over 400,000 direct and indirect jobs despite the decline in arrivals following the Easter Sunday terror attacks. Revival of domestic tourism commenced mid-year and international tourism commenced in January 2021 with stringent safeguards. Efforts to revive this important economic sector has been hampered by the third wave currently affecting the country, although a revival may be expected with a successful vaccination campaign.

Navigating a Crisis

With the declaration of a global pandemic by the World Health Organisation, border closures and restrictions placed on international travel severely affected all stakeholders in the tourism industry both local and international, including our business partners who are global giants in the industry.

From the onset of the pandemic, it was clear that we needed to re-align strategy to navigate the uncertainties and challenges that loomed ahead. Our farsighted investments in digital infrastructure enabled a seamless transition to virtual workflow throughout the Group, facilitating increased oversight by the Board on key priorities such as health and safety, risk management and cash flow management.

Health and safety of the staff was a top priority for the Group. As the lockdowns were announced, the non-tourism sectors implemented stringent health and safety protocols to recommence work within days whilst the Tourism sector ensured the safe departure of foreign guests who were in Sri Lanka at the time. Through it all, our paramount objective was to prioritise stakeholder well-being.

Value to Stakeholders

The Group's Tourism sector re-aligned its strategy to promote domestic tourism by offering unique tailor-made packages to local tourists to mitigate losses, and to uphold the livelihoods of the many thousands dependent on this sector. Although this provided the

Continuing our journey with investments in sectors that are strategically important to the economy, we commissioned the waste to energy power plant during the year, overcoming many challenges due to the pandemic.

Rs. 147.0 Bn
Total Assets

Rs. 1.00
Dividend per Share

CHAIRMAN'S MESSAGE

sector a much-needed source of income, it in no way compensated for the loss of revenue from international tourism.

All sectors endeavoured to support our business partners navigate the crisis. Payments were made without delay to our suppliers to alleviate their cash flow restrictions, whilst long standing customers in troubled segments such as apparel manufacture were given extended payment windows to settle their dues to the Group.

Safeguarding livelihoods to craft our recovery was key as we recognise that our employees are the drivers of success. Therefore, there was an understanding that we would safeguard the quality and the level of their livelihoods by protecting jobs. I believe that this commitment contributed to the outstanding performance of the non-tourism sectors and the untiring efforts of the Tourism sector to bring about a revival of the industry.

We value our shareholders who have been part of the Aitken Spence journey, and as a testimony of our commitment to them and despite the very difficult year faced by the Group, I am pleased to announce that the Board of Directors recommends a first and final dividend of Rs.1.00 per share.

Policy Matters

On behalf of the Board, I wish to thank the Government and the Central Bank of Sri Lanka for the directives given to the banks facilitating moratoria and new loans at concessionary interest rates, which have supported the hotel industry during a year of substantial losses. We request the Government to extend these moratoria for a further period and provide more support for the sector with a subsidy of wages to protect the livelihoods of the large number of people employed in this industry. There is an urgent need for the tourism authorities to formulate a future marketing strategy together with the key stakeholders in the industry, while any proposed amendments to the legislation should take on board their views through a formal process of consultation to ensure sustainable growth of the sector.

In the year ahead, harmonization, consistency and stability of Government policies will be of utmost importance as businesses continue to be challenged by uncertainty and volatility. The right balance of policies will support job creation and the quality and livelihood of the people in the country. The policy options taken by the Sri Lankan Government will determine the duration of the pandemic as well as the speed and the strength of the recovery of the economy.

Sustainability

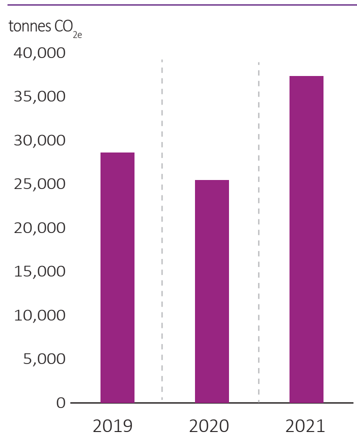
An early champion of sustainability, the Group remains committed to ensuring that our business units integrate the principles of sustainability into their operations and business processes. A comprehensive sustainability framework comprising policies, external certifications and metrics underpin the Group's efforts, with a Board member assigned to lead this increasingly important aspect of the Group's operations.

Outlook for 2021/22

Our outlook for the financial year 2021/22 is cautiously optimistic as we have implemented counter measures and adapted to the risks and challenges posed by the pandemic in order to mitigate adverse outcomes. The prospects for immediate recovery of the tourism industry globally appears bleak, with the border closures and lockdowns continuing. The resulting economic conditions are likely to be challenging for most sectors other than agriculture. However, the recovery will be divergent across sectors and countries, and the duration of the pandemic will be an important factor in determining the extent and the speed of resurgence from the social and economic challenges witnessed in 2020.

Recovery of the Tourism sector is a necessary condition for the Group to regain its profitability, and we remain positive and on alert to seize windows of opportunity that may arise in the future. Fast recovery of the Maldivian operations during the latter half of the financial year 2020/21 and the positive outlook for the destination supports cautious optimism regarding the future of the tourism sector in that country.

Total Emissions Reduced and/or Offset



Nevertheless, the Group will fervently persist in its commitment towards continuously seeking investment opportunities in strategically viable projects that are development priorities for the countries we operate in, with the intention of delivering exceptional value to our stakeholders.

Acknowledgements

On behalf of the Board, I thank all the Spensonians who kept thinking out of the box to overcome challenges in what has been one of the most difficult years in living memory. I am truly appreciative of the trust and confidence placed on us by our valued customers and wish to reiterate that we will always strive towards enhancing the value propositions offered to them. The spirit of mutual co-operation with our joint venture partners, bankers and other business partners has been vital in navigating this year and I thank them for their continued support.

We are appreciative of the confidence of our shareholders and look forward to unlocking value in the year ahead.

I am certain that the confidence gained and the agility displayed by the management and staff at all levels will continue to drive this Group forward to record another transformational epoch in the chronicles of the Group.

Deshamanya D.H.S. Jayawardena
Chairman

Colombo
28th May 2021

An early champion of sustainability, the Group remains committed to ensuring that our business units integrate the principles of sustainability into their operations and business processes.

12,500
Employees

41%
Females in employment

DEPUTY CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Dr. Parakrama Dissanayake
Deputy Chairman and Managing Director

During a tumultuous financial year that was affected by the unprecedented COVID-19 pandemic, the Aitken Spence Group's non-tourism sectors delivered the highest ever profit before tax of Rs. 5.0 billion, partially offsetting the negative results of the Group's Tourism portfolio which recorded its worst ever year due to the devastating impact of the pandemic. An asset intensive Group, with operations in 16 diverse segments in 8 countries, namely, Sri Lanka, Maldives, Fiji, India, Oman, Mozambique, Myanmar and Bangladesh; we are one of Sri Lanka's most diversified conglomerates with investments in key economic sectors built over a history spanning more than 150 years.

Group performance

The year 2020 witnessed the spread of a global pandemic which resulted in unprecedented border closures, lockdowns and social distancing across the world from the month of March, as countries implemented extreme measures to minimise the human tragedy that spread across the globe. The Tourism industry, in which the Group has over 50% of its investments, was one of the worst affected as border closures brought international tourism to a grinding halt. The Group's resilience despite its substantial exposure to the tourism sector is commendable at a time when some of the world's largest tour operators and airlines required Government bailouts in order to keep afloat.

The Group recorded a revenue of Rs. 31.6 billion of which Rs. 25.0 billion was generated by the non-tourism sectors. The Tourism sector recorded a sharp decline in revenue from which it is still recovering due to the recurrence of the pandemic in source markets, despite the rollout of vaccines. The Group reported a loss before tax of Rs. 2.8 billion, with the Tourism sector accounting for a loss before tax of Rs. 7.9 billion for the year.

The Group's non-tourism sectors overcame multiple challenges including business disruptions, health and safety risks faced by the Spensonians, and the overall slowing down of economic activity to record a growth in profit before tax of 18.9% compared to the previous year. This phenomenal performance by the non-tourism sectors was achieved through purposeful leadership, and the determination and commitment displayed by all Spensonians. Additionally, the Group's diversification strategy of investing in priority business segments of the economy reinforced the Group's resilience to withstand the economic turmoil resulting from the pandemic, while the Group was still recovering from the Easter Sunday attacks of 2019.

Sector performance

Non-Tourism Sectors

Maritime & Freight Logistics

The Maritime & Freight Logistics sector which has operations across 5 countries contributed 51.2% of the Group's non-tourism profit before tax by recording Rs. 2.6 billion, which is a growth of 13.9% year on year. This commendable performance was achieved despite the overall decline in trade volumes during the year. The cargo general sales agencies represented by the Group performed exceptionally well led by the airline cargo segment which benefitted from increased freight rates and innovative marketing efforts. Despite the lower import and export volumes recorded by the country during the year, the Group's integrated logistics segment witnessed a growth in profits due to strategic shifts implemented in its business activities. The investments in port operations were able to withstand the slowdown of economic activities and reported profit levels similar to those recorded in the previous year. The ship agency business of the Group reported a growth in profitability primarily stemming from higher freight rates combined with an increase in demand during the latter part of the year. CINEC Campus had a record year of performance which bodes well for the future, as the demand for high quality tertiary education in Sri Lanka is expected to increase due to the reluctance or the inability of students to travel overseas, especially with the devaluation of the Rupee against the USD.

Strategic Investments

The Strategic Investments sector was the second highest contributor towards the Group's performance with a profit before tax of Rs. 2.0 billion. The Group's investment in plantations provided a substantial boost to the overall earnings of the sector due to higher prices for tea, relatively stable prices of other commodities throughout the year, and the commitment to a diversification strategy towards non-agriculture businesses. The operations of the country's first ever waste to energy power plant officially commenced in February 2021 with healthy returns during the first few months of operation. The Group continued to operate all its power generation plants during lockdowns ensuring uninterrupted supply to the national grid during the crisis. The printing and packaging segment overcame significant challenges during the year including a depreciating Rupee and increases in prices of raw materials to record improved profitability, largely attributable to higher efficiencies and improved cost management. Post the balance sheet date, the Group expanded its renewable energy portfolio through the acquisition of Waltrim Energy Ltd., comprising of three operating hydro power plants with a total capacity of 6.6 MW, consolidating its presence in essential economic sectors.

Services

The Services sector recorded a profit before tax of Rs. 392.5 million contributing 7.8 % to the Group's non-tourism profit before tax. The money transfer segment responded to a change in customer needs by facilitating a door-step delivery solution at no additional cost to customers and a direct to bank facility, which resulted in an increase in remittances handled and a record year of performance for the business unit. The insurance segment was able to record a marginal increase in its profitability compared to the previous year through innovative solutions despite

Aitken Spence Group's non-tourism sectors delivered the highest ever profit before tax of Rs. 5.0 billion. An asset intensive Group, with operations in 16 diverse segments in 8 countries, we are one of Sri Lanka's most diversified conglomerates.

19.2%

Growth in profit after tax from non-tourism sectors

Rs. 3.7 Bn

EBITDA of the Group

DEPUTY CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

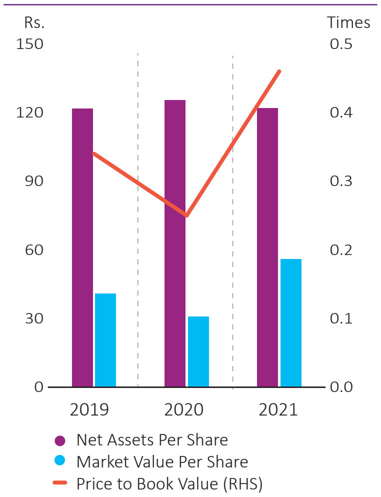
the challenges posed by the pandemic. The elevators segment had an improved year, securing new large-scale contracts to record a profit for the year despite the temporary slowdown in the construction industry.

Tourism

The Group led the revival of the tourism sector in Sri Lanka and significantly contributed towards the recovery through facilitation of the first of the charter flights to the country, since the reopening of the airports on 21st January 2021, from unconventional markets such as Kazakhstan. The Group accounts for over 35% of the total arrivals to Sri Lanka from the date of reopening of airports to the end of the financial year.

The resorts of the Group in the Maldives recorded a promising revival with the gradual reopening of the resorts from the third quarter of the financial year, with the segment recording a profit from operations for the fourth quarter. The Group's latest addition to the Maldivian resort portfolio and the first Heritance property in the Maldives, Heritance Aarah was well received by discerning clients enabling the resort to record a profit during the fourth quarter. However, the Omani and Indian markets continue to face challenges due to the pandemic at the close of the year.

Net Assets Per Share, Market Value Per Share & Price to Book Value



Realigning strategy

In the immediate aftermath of the on-set of the pandemic, the short-term strategy of the Group was to enhance the efficiency and effectiveness of business segments through productivity improvements, cost management and building competitive advantages through technology. These initiatives supported the strategic imperatives of sustaining earnings, ensuring positive cash flows, preservation of capital and ensuring availability of sufficient external funding support for uninterrupted business growth. The Group availed itself of the debt relief facilities as directed by the regulatory authorities which provided significant cash flow benefits to COVID-19 affected businesses.

The Group also embarked on a process and business transformation drive in our business segments to standardize, automate, and digitize core processes with a view to build and enhance capacity, boost competitive advantage and enhance customer experience. Additionally, the Group restrategised the operations of the destination management segment during the lockdown by creating a revived market for domestic tourism and contributed towards the livelihood of thousands attached to the tourism industry in Sri Lanka.

In the medium to long term the Group would be focusing on realigning our business portfolios and reinforcing resilience through diversity, by identifying strategic brownfield expansion opportunities in sectors considered as development priorities for the economy. In line with the Group's long-term vision, we responded to a crucial social and development need of the country by launching Sri Lanka's first ever waste to energy power plant at an investment of nearly Rs 13 billion. This was followed by an investment of Rs. 900 million in renewable energy, adding 6.6 MW in additional hydro power capacity to the Group's portfolio in keeping with our commitment to support the Government's as well as the Group's renewable energy targets.

Transforming through a pandemic

Our experience, expertise and the relationships built through the many years of operations have empowered us with the agility to innovate and adapt to fulfil customer expectations in a rapidly changing business environment. Proactive investment in technology and resilient business models combined with the true Spensonian spirit enabled quick and seamless responses to the changing dynamics of the business environment.

All our businesses transformed swiftly to adapt to a new era of uncertainty, integrating new ways of working to overcome challenges presented by the environment. Semi Virtual Mobility (SVM) was formalized for relevant roles throughout the Group leveraging our digital infrastructure, which enabled seamless remote working and the sustenance of productivity during times of turmoil. We have also commenced the implementation of Robotic Process Automation (RPA), digital adaptation, virtual communication channels together with stable and secure IT systems, unlocking significant efficiencies in turnaround times and costs. These efforts were supported through active change management programmes resulting in extensive employee engagement and motivation during the transition period.

Spensonian grit

Purposeful leadership demonstrated throughout the pandemic by all Spensonians ensured that essential services and key supply chains were supported at all times, with employees voluntarily stepping up despite the elevated health risks to make certain that necessary activities continued uninterrupted. This commitment to address stakeholder requirements in essential services of the economy revealed the true grit and team spirit of our Spensonians who go the extra mile to serve our stakeholders.

Employees are the most valuable asset of the Group and their intrinsic impact to the development of the Group remains immeasurable. The highly motivated Spensonians were quick to embrace the realign, re-invent and relaunch strategy of the Group proving their resilience and fortitude. We are indeed confident of the capability of our team to take the Group to a brighter future in the new reality that has emerged in the current business environment.

The events of the year reinforced the values of Aitken Spence, as we prioritised the health and safety of our employees whilst driving the transformations needed within their sphere of work. The commitment and determination of our Spensonians, continuously builds our unique competitive advantage.

A strong commitment to sustainability

Aitken Spence has been built on the ethos of social, environment and economic sustainability for all stakeholders. Over the years we have remained true to this commitment ensuring that consideration of stakeholder needs underpin our strategies. In the past year, our primary focus was on providing a safe and secure workplace for all our employees as we implemented stringent health and safety policies and procedures, upheld exemplary labour standards and continued to promote gender equality, inclusivity and human rights at the workplace.

The Group pioneered the movement for sustainability in Sri Lanka, with our performance showcasing our continued commitment to protect and enrich the environments we operate in. As signatories to the UN Global compact and the UN Women's empowerment principles, we stay true to our commitment to uphold global benchmarks in sustainability. This year, Aitken Spence joined UNGC's Target Gender Equality programme as well as the working group for Gender Equality and leads the working group on human rights at the workplace. Despite the many challenges and financial impediments faced during the year, we continued our efforts to build and support local communities through systematic initiatives.

Focused on the future

It is encouraging to note the upward revision of growth forecasts for the world economic output by the IMF to 6.0% for 2021 and 4.4% for 2022 due to the rollout of vaccines, adaptation of economic activity and the impact of fiscal and monetary support, although the threat of new waves and strains remains high. The stronger than expected recovery in the past two quarters imbues in us a cautious optimism for the future albeit in a weakened economy. World trade volumes are also expected to increase by 7.2% although it is unlikely to reach pre-pandemic levels in 2021.

Sri Lanka's recovery path may diverge due to the weak economic conditions including a currency under pressure, high levels of debt, lack of access to adequate quantities of vaccines, and commodity price fluctuations. Forecasts for the country's economic growth vary from 3.3% by the World Bank and 4% by the IMF, to 6% by the Central Bank of Sri Lanka indicating high levels of uncertainty in forecasting, mainly due to unpredictability of the current environment. The third wave of the virus which commenced in April 2021

Employees are the most valuable asset of the Group and their intrinsic impact to the development of the Group remains immeasurable. The highly motivated Spensonians were quick to embrace the realign, re-invent and relaunch strategy of the Group.

DEPUTY CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Forecast of GDP Growth Rates

	2020 %	2021 %	2022 %	2026 %
Sri Lanka	(3.6)	4.0	4.1	4.2
Maldives	(32.2)	18.9	13.4	5.5
Fiji	(19.0)	5.0	9.0	3.3
Bangladesh	3.8	5.0	7.5	7.2
Myanmar	3.2	(8.9)	1.4	5.1
Mozambique	(0.5)	2.1	4.7	5.3
Oman	(6.4)	1.8	7.4	2.0
India	(8.0)	12.5	6.9	6.5

Source: World Economic Outlook, IMF, April 2021

and the experience of our neighbouring countries are also sober reminders of the potential pitfalls ahead. Consequently, we are preparing for a financial year that will be at least as challenging as 2020/21.

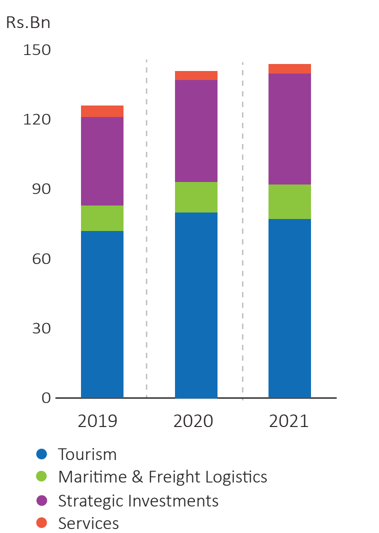
Other countries in which the Group has investments are treading varying paths of recovery as observed from the forecast GDP growth rates. Maldives, which was the worst affected due to its high dependency on tourism, is projected to make a strong recovery supported by higher than global average vaccination rates and supportive policy measures to rebuild the tourism industry. Fiji is also forecast to deliver strong growth in the next two years whilst Bangladesh and Myanmar which recorded positive GDP growth in 2020 have divergent paths with the former on track to resume its pre-pandemic growth rate, while the latter is facing an uncertain future with the ongoing political instability.

As a Group, we are building on lessons learned and continue to transform the business through the pandemic. The Group will continue to invest in priority sectors of the economy enhancing the earning capacity while upholding and deepening its commitments to social and environmental sustainability.

Tourism - While significant challenges remain, the Group continues to work with the relevant stakeholders to revive this industry in a responsible manner, mitigating risks. We are buoyed by the strong revival in the Maldives and are optimistic for the winter season as we are the single largest Sri Lankan resort operator in this popular destination. Sri Lankan operations will need to be lean and agile to mitigate the impact of the pandemic and to seize the opportunities presented in this financial year, building on the wins thereafter. A sustained revival of the global tourism industry will need solutions beyond vaccinations and must include treatments which are still in the research and development stage.

Revival of the Tourism sector will require players across the value chain to embrace and adapt to the new norm. We expect a complete change in customer behaviour with the quality of service and safety protocols adopted by resorts and destination management companies being key differentiators. The reliance on well-established and recognized travel agents and tour operators would be greater post pandemic, as they delivered invaluable services to the travellers during the crisis. The modern tourist is environmentally conscious and sustainable business practices will be a key criterion in selecting destinations and locations. We also anticipate tourists to prefer destinations closer to home with shorter travel times. Business transformation and digitalisation would be a baseline requirement supporting the entire experience of the tourist from the search, through the stay, to the return and sharing of experiences. Additionally, digitalisation needs to support contactless service delivery, and the social distancing and hygiene protocols

Total Assets



which are likely to remain in place for the foreseeable future.

Product differentiation will be necessary to cater to the expectations of tourists from different source markets including non-traditional markets for the Maldives and even for Sri Lanka. Promotion and marketing requirements will also need to be different with competitive pricing as guests will seek luxuries at their "right price".

Realignment - The Group will continue the realignment of its businesses to enable its growth strategies with the changes that are taking place in the operating model of the organisation. We will not be able to go back to the old norm as it would not fit the future. We plan to retain the key learnings and transformation of the businesses that resulted through the pandemic driven changes as we emerged stronger, faster and fitter. Maintaining this transformative momentum will be pivotal for the Group as we progress.

Employees - Moving forward, skill-based mobility would be a prerequisite, hence the future concentration will be on re-allocation, re-skilling and re-engineering of Spensonians whilst being mindful of their mental well-being. As Aitken Spence is a diversified organisation working in different industries, we are mindful of the different capabilities and work force behaviour of our Spensonians.

Digital - We are also looking at a new form of digital offering which is not a cookie cutter model, but a unique proposition specific to Aitken Spence providing exceptional and customised solutions to our stakeholders.

Acknowledgements

The Spensonian team has stepped up in a year of crisis with determination, ingenuity and professionalism to deliver results amidst rapid change, cushioning and minimising the inevitable loss in the Tourism sector. I take this opportunity to commend their efforts and count on their sustained commitment to drive the resurgence of this resilient Group. Our bankers and business partners have shared our journey to recovery, and we are appreciative of their cooperation and assistance during this difficult year.

A special "Thank you" to our loyal customers, we sincerely appreciate the trust and confidence you have in us. Let me reassure you again that we are always dedicated to serving you with courtesy and respect.

I thank the Chairman for his valuable insights and clear vision and the members of the Board for their diligence and support as we navigated a year of uncertainty.

I thank our shareholders for their confidence in this Group and look forward to their continued support. We will build on the momentum achieved this year to move forward into a more sustainable and profitable future.

Dr. Parakrama Dissanayake
Deputy Chairman and Managing Director

Colombo
28th May 2021

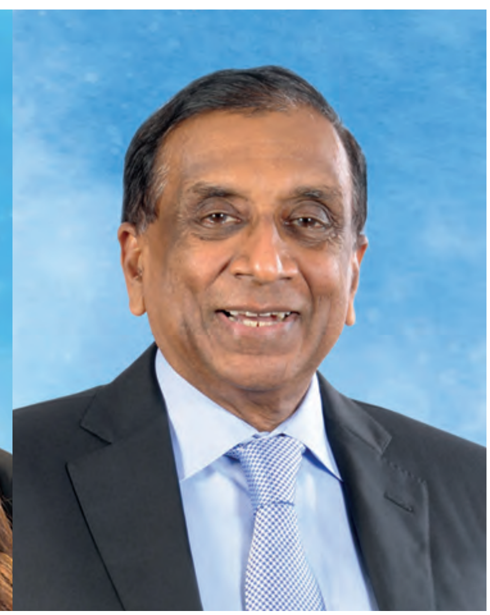
BOARD OF DIRECTORS

Mr. D.H.S. Jayawardena
Chairman

Dr. M.P. Dissanayake
Deputy Chairman & Managing Director

Dr. R.M. Fernando
Executive Director

Ms. D.S.T. Jayawardena
Executive Director



Mr. J.M.S. Brito
Non-Executive Director

Mr. G.C. Wickremasinghe
Independent Non-Executive Director

Mr. C.H. Gomez
Independent Non-Executive Director

Mr. N.J. de Silva Deva Aditya
Non-Executive Director

Mr. R.N. Asirwatham
Independent Non-Executive Director

BOARD OF DIRECTORS

Mr. D.H.S. Jayawardena
Chairman

Appointed in April 2000

Mr. Jayawardena was appointed to the Board of Aitken Spence PLC, on 1st April 2000 and has been the Chairman of the Company since 25th April 2003.

A visionary with a good business acumen, he has led many enterprises in very diverse fields to achieve great success. He is the Founder Director and current Chairman/ Managing Director of the Stassen Group of Companies, the Chairman of Lanka Milk Foods (CWE) PLC, Browns Beach Hotels PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Melstacorp PLC, Ambewela Livestock Company Ltd, Lanka Bell Ltd and the Chairman of the Distilleries Company of Sri Lanka PLC. He is also a Director of several other listed and privately held companies in Sri Lanka and is a former Director of Hatton National Bank PLC, the largest listed bank in Sri Lanka.

Mr. Jayawardena has been sought after to lead large public sector institutions and is a former Chairman of Ceylon Petroleum Corporation and Sri Lankan Airlines.

He is presently the Honorary Consul for Denmark and on 9th February 2010, was knighted by Her Majesty the Queen of Denmark with the prestigious honour of "Knight Cross of Dannebrog".

In 2005 Mr. Jayawardena was awarded the prestigious title, "Deshamanya" in recognition of his services to the Motherland.

Dr. M.P. Dissanayake
Deputy Chairman & Managing Director

Appointed in March 2019

Dr. Parakrama Dissanayake is the Deputy Chairman and Managing Director of Aitken Spence PLC, with effect from 15th March 2019.

Prior to this appointment he was Secretary to the Cabinet Ministry of Ports, Shipping and Southern Development.

He was appointed as the first non-British International President of the Institute of Chartered Shipbrokers U.K. founded in 1911 and Royal Charter conferred in 1920.

Dr. Dissanayake has also held positions in the past that include, Chairman – Sri Lanka Ports Authority (two stints), Chairman – Chartered Institute of Logistics and Transport (Sri Lanka), Board Director Urban Development Authority and Board Director of Ceylon Shipping Corporation.

During the period June 2004 to May 2017 he served as a Director of Aitken Spence PLC and the Chairman & CEO of its Maritime and Freight Logistics sectors.

Dr. Dissanayake is an Alumni of the University of Sri Jayewardenepura, NORAD, JICA, Business Alumni of the University of Oxford (UK) and a Fellow of Harvard Business School (EEP).

He is also Chairman of Elpitiya Plantations PLC, Co-Chairman CINEC Campus (Pvt) Ltd, Hon. Consul of Fiji Islands and serves as a Professor in Maritime Studies (visiting) at Shanghai Maritime University and Dalian Maritime University.

Dr. R.M. Fernando
Executive Director

Appointed in April 2005

Dr. Rohan Fernando joined Aitken Spence Plantation Management in May 1994 and has been the Managing Director of Aitken Spence Plantation Managements PLC and Elpitiya Plantations PLC since August 1997. He has extensive experience in the plantation industry; both in the Public and Private sectors; Corporate management, Corporate strategy and has played a key role in the plantation privatisation programme. He was the Chairman of United Nations Global Compact Network, Sri Lanka, a former President of the Chartered Institute of Marketing Sri Lanka Chapter, a past Chairman of the Planters Association of Ceylon and is currently the President of the Palm Oil Industry Association which comprises growers, processors and refiners in the Palm Oil Industry.

Dr. Fernando was appointed to the Main Board of Aitken Spence PLC on the 1st of April 2005 and is currently responsible for the plantations segment and business development of the Group covering Sustainability and Branding.

He holds a PhD and an MBA from the University of Colombo and is also a Chartered Marketer and a Fellow of the Chartered Institute of Marketing, (CIM UK).

Ms. D.S.T. Jayawardena
Executive Director

Appointed in December 2013

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

With a career spanning over 10 years at Aitken Spence, she wields a fresh perspective in management and leads strategic business units across the Group.

She leads several key strategic teams as the Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd., and Splendor Media Ltd., as a member on the Board of Directors of Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Stassen Group, Lanka Milk Foods (CWE) PLC, Aitken Spence Aviation (Pvt) Ltd. She was appointed to the Board of Directors of Western Power Company (Pvt) Ltd., in 2020.

A graduate of St. James' & Lucie Clayton College and Keele University in the United Kingdom, Ms. Jayawardena made waves from a young age. Ms. Jayawardena was the youngest intern to work under US Senator Hilary Rodham Clinton and the Former US President Bill Clinton in 2003; and was appointed as the Sri Lankan Ambassador for EY NextGen Club from 2017 to 2019.

Ms. Stasshani Jayawardena is also a member of the PWC NextGen Advisory Board, and the Executive Board of The Hotel Association of Sri Lanka (THASL) and was appointed to represent THASL at the Ceylon Chamber of Commerce Committee meetings since 2019 (Hotel sector). She was appointed as a Council Member of the EFC and as Chairperson of the EFC Hotels and Tourism Employers Group for the Financial Year 2020/21. She is also the Executive Committee Member for the year 2020/21 at the International Chamber of Commerce in Sri Lanka.

Ms. Jayawardena represents the Company as the Ambassador from Aitken Spence PLC at the Target Gender Equality initiative of the UN Global Compact since 2020. She is also a member of the Austrian Business Circle in Sri Lanka.

In recognition of her work and commitment to inspire, she was recognized at Top 50 Professional & Career Women Awards in Sri Lanka with a Gold award in the Hotel & Hospitality Sector in 2017, and in 2020 by Sri Lankan business magazine, Echelon, listing her among the most innovative and influential young leaders who have succeeded in business and shaping the future of Sri Lanka.

At present she leads a team of international professionals in strengthening the service foundations and formulating the strategic road map for the Tourism sector of the Group. Her passion remains in designing the next generation of business with the core values of integrity, sustainability, empowerment and equal opportunities with the use of data driven technology.

Mr. J.M.S. Brito
Non-Executive Director

Appointed in April 2000

Mr. Rajan Brito joined the Board of Aitken Spence PLC in April 2000, with a multi-discipline academic background and a wealth of experience from a career counting over 40 years that includes experience working with several international organisations. He was then appointed as the Managing Director of Aitken Spence PLC, in December 2001 and Deputy Chairman in April 2003 which position he held until his retirement on 15th March 2019. After retirement, Mr Brito continues to be a Non-Executive Director of Aitken Spence PLC.

Mr Brito is an acclaimed senior professional in both the private and the public sector industries in Sri Lanka. He is a former Chairman of DFCC Bank, Employers' Federation of Ceylon, Sri Lankan Airlines, and has also served on the Board of Sri Lanka Insurance Corporation. He holds a LLB degree from University of London, MBA degree from London City Business School and is a Fellow of the Institute of Charted Accountants of both Sri Lanka and England and Wales.

BOARD OF DIRECTORS

Mr. G.C. Wickremasinghe
Independent Non-Executive Director

Appointed in April 1972

After completing his education at Royal College Colombo, Mr. Wickremasinghe joined Aitken Spence Plantations in 1954 and remained for 11 years as a professional planter. Whilst there, he was awarded the Colombo Plan Scholarship to study Management and Industrial Relations at the then British Ministry of Labour and National Service in the UK.

He was transferred to the Head Office in 1965 and having successfully managed the estates department, his responsibilities were expanded to include the management of the Insurance Department and Lloyd's Agency. In 1972 he established the GSA for Singapore Airlines.

He also spearheaded the construction of the Triton Hotel, now Heritance Ahungalla, working closely with the renowned architect, Geoffrey Bawa. He conceived and implemented the conversion of the iconic Tea Factory Hotel, one of the most successful hotels in the Group.

His career at Aitken Spence spans over 60 years including serving as a Main Board Director of Aitken Spence PLC., since 1972 and as its Chairman in 1996/97.

At present, he is a Non-Executive Main Board Director, Chairman of the Remuneration Committee, Nomination Committee and is also a member of the Audit Committee and Related Party Transactions Review Committee.

Mr. C.H. Gomez
Independent Non-Executive Director

Appointed in May 2002

Mr. Charles Gomez is a former Banker with over 40 years' experience in the finance industry. He has worked for major financial institutions including Barclays Bank PLC., Lloyds TSB Bank PLC., and SG Hambros. He brings to the Company a wealth of experience in regard to international financial markets, financial services regulations, compliance and controls and it was through his intervention that major investors were brought into Aitken Spence PLC., and to other business sectors in Sri Lanka. Mr. Gomez is a Director as well as a part owner of regulated financial services companies based in Gibraltar. He also serves on the Boards of foreign companies which have investments worldwide.

Mr. Gomez was appointed to the Board of Aitken Spence PLC., in 2002 and to the Board of Aitken Spence Hotel Holdings PLC., in 2010. His role in the companies is that of an Independent Non-Executive Director. He also serves in the Audit Committee, Related Party Transactions Review Committee and the Remuneration Committee.

Mr. Gomez is a member of the Executive Committee of the Gibraltar Amateur Rowing Association.

Mr. N.J. de Silva Deva Aditya
Non-Executive Director

Appointed in September 2006

Mr. N.J. de Silva Deva Aditya (Nirj Deva) DL FRSA, MP and MEP joined the Board of Directors in 2006/07. 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 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.

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.

Mr. R.N. Asirwatham

Independent Non-Executive Director

Appointed in September 2009

Mr. Asirwatham was appointed to the Board of Aitken Spence PLC., in September 2009. At present, he is the Chairman of the Audit Committee, Related Party Transactions Review Committee, a member of the Remuneration Committee and the Nomination Committee.

He was the Senior Partner and Country Head of KPMG from 2001 to 2008. Further, he was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism and was also a member of the Presidential Commission on Taxation, appointed by His Excellency the President of Sri Lanka. He is a member of the Board of trustees of the S.W.R.D. Bandaranaike National Memorial Foundation, Board of Post Graduate Institute of Medicine and Council of the University of Wayamba.

Mr. Asirwatham is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chairman of the Audit Committee. He also serves on the Boards of Dilmah Tea Services PLC., Royal Ceramics PLC., Mercantile Merchant Bank, Dankotuwa Porcelain PLC., Colombo City Holdings PLC., Browns Beach Hotels PLC., and several other companies.

GROUP SUPERVISORY BOARD

Dr. M.P. Dissanayake

Dr. R.M. Fernando

Ms. D.S.T. Jayawardena

Ms. N. Sivapragasam

Mr. R.G. Pandithakorralage

Dr. M.P. Dissanayake

See Board of Directors Profile

Dr. R.M. Fernando

See Board of Directors Profile

Ms. D.S.T. Jayawardena

See Board of Directors Profile

Ms. N. Sivapragasam

Ms. Nilanthi Sivapragasam joined the Aitken Spence Group in 1986 as accountant in the insurance segment after completing her articles at Ernst & Young, Colombo.

She was transferred to the parent company in 1991 and now holds the position of Chief Financial Officer of the Group. She is also the Managing Director of Aitken Spence Corporate Finance (Private) Limited, the Joint Managing Director of CINEC Campus (Private) Limited, and a Director of several subsidiaries and joint venture companies in the Group both local and overseas.

She is a Fellow Member of both CA Sri Lanka and the Chartered Institute of Management Accountants of UK.

She is currently a Board Member of the Taxation Steering Committee and the Accounting Standards and Regulatory Reporting Steering Committee of the Ceylon Chamber of Commerce and serves on the Financial Reporting Standards Implementation and Interpretation Committee of CA Sri Lanka. She is also a Board Member of the UNGC Network Sri Lanka.

She was formerly on the Board of CIMA Sri Lanka Division, the Statutory Accounting & Auditing Standards Committees of CA Sri Lanka and a Council Member of the Sri Lanka Institute of Directors. She also served as a Board Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board until 2019.

She was until recently a Director of Women and Media Collective, a non-governmental organisation involved in the empowerment of women.

Mr. R.G. Pandithakorralage

Mr. Rohan Pandithakorralage is a member of the Group Supervisory Board of Aitken Spence PLC and the Director/Chief Human Resources Officer of the Aitken Spence Group. Joining the company in 1994 as a HR Executive he went on to become a Director by 2001 and was appointed to the Management Board of Aitken Spence and the Group Supervisory Board of Aitken Spence PLC in 2007 and 2017 respectively.

He is a Business Management Graduate of Victoria University, Australia with executive training from NUS Singapore and Nippon – Keidanren International Corporation Centre (NICC) in Japan.

Currently he is a Director of CINEC Campus (Private) Limited. He is also a member of the National Labour Advisory Council (NLAC), the Council of Employers Federation of Ceylon (EFC), a member of governing council of Sri Lanka Institute of Development Administration (SLIDA) and a member of The Board of Governors of National Institute of Labour Studies (NILS). He is a former Director of CSR Lanka (Guarantee) Ltd.

Mr. Pandithakorralage is a Past President of the International Public Management Association for Human Resources – (IPMA-HR) Sri Lanka chapter. He is a Founder/ Fellow Member and a past president of the Association of Human Resource Professionals in Sri Lanka (HRP).

He won the prestigious HR Leadership award at the Asia Pacific Congress (APHRM) 2007/08 and was recognized under the global HR excellence category, for the contribution made on HR for the economic development of the country.

MANAGEMENT COUNCIL

(All members of the Group Supervisory Board are members of the Management Council)

Ms. N.W. De A. Guneratne

Mr. C.M.S. Jayawickrama

Mr. D.S. Mendis

Mr. P. Karunathilake

Mr. L. Wickremarachchi

Mr. N.A.N. Jayasundera

Mr. I.S. Cuttilan

Mr. A.J. Gunawardena

Mr. J.E. Brohier

Mr. V.P. Kudaliyanage

Mr. D.R.C. Hindurangala

Mr. J.C. Weerakone

Mr. B. Bulumulla

Mr. N.T.K.D. Vijithananda

MANAGEMENT COUNCIL

Ms. N.W. De A. Guneratne

Ms. Nimmi De A. Guneratne joined Aitken Spence in 1985 after graduating with a Bachelor's degree in law. She took her oaths as an attorney- at- law in 1987. Her swift career succession saw her becoming a Director in 1994 and being appointed as Managing Director in 2000. At present, Ms. Guneratne is the Managing Director of both Aitken Spence International Consulting (Private) Limited and Aitken Spence Insurance Brokers (Private) Limited. She is also the General Manager of the Lloyds Agency in Colombo and the Maldives and a Management Board Director of Aitken Spence Group.

Ms. Guneratne has been a visiting lecturer in insurance & law at many institutions in the Country and is on the panel of visiting lecturers for the Institute of Advanced Legal Studies of the Incorporated Council of Legal Education, where she lectured for the Post-Attorney Diploma in International Trade, Carriage of Goods and Marine Insurance Law.

She presented a paper at the 29th Law Asia Conference in August 2016- on 'Should Professional Indemnity Insurance be made mandatory for Sri Lankan Lawyers".

A Fellow of the Charted Insurance Institute of U.K., a Chartered Insurance Practitioner and a lecturer and examiner of the Sri Lanka Insurance Institute, she also serves as a visiting Lecturer/Course Director at the CINEC campus (Private) Limited and is also a Director of the Campus.

Ms. Guneratne was appointed Area Representative of the Indian Sub-Continent for the inaugural Lloyd's Conference in London.

She is a past president of the Sri Lanka Insurance Institute.

Mr. C.M.S. Jayawickrama

Mr. Susith Jayawickrama has had a career spanning over three decades with Aitken Spence and is the Joint Managing Director of Aitken Spence Hotel Managements (Private) Limited, which manages all hotels of the Group.

Mr. Jayawickrama serves on the Aitken Spence Group Management Council and on the Boards of most hotel companies in the Group including that of Aitken Spence Hotel Holdings PLC. He is a Fellow Member of the Chartered Institute of Management Accountants UK; he has three decades of experience in senior management positions in the Company's hotel sector and the tourism industry in Sri Lanka and Overseas.

Mr. Jayawickrama is a past Vice President of the Tourist Hotels Association of Sri Lanka (THASL).

Mr. D.S. Mendis

Mr. Dinesh Mendis joined the Aitken Spence Group in 1994 as Marketing Manager of Ace Distriparks (Private) Limited. He has spent 11 years with the logistics segment of the Group including five years as a Subsidiary Director. He then progressed to become the Managing Director of MMBL Money Transfer (Private) Limited, and was subsequently appointed to the Aitken Spence Group Limited. Additionally, Mr. Mendis is the Joint Managing Director of Elevators (Private) Limited and is also overlooking the integrated logistics segment of the Group.

Mr. Mendis has a wealth of experience ranging from logistics, ICT, real estate, several services industries to working for Circuit City Inc in the US. He has also been an Executive Committee Member of the Sri Lanka Freight Forwarders Association, a Director of the SLFFA Cargo Services Ltd and the American Chamber of Commerce.

Mr. Mendis has graduated Magna cum Laude in Business Administration specializing in Marketing and Economics from Slippery Rock University of Pennsylvania USA. In his senior year, he was adjudged the outstanding student in both streams. He has obtained his MBA from the University of Texas, USA.

Mr. P. Karunathilake

Mr. Prasanna Karunathilake joined the printing department of Aitken Spence Group as a trainee production executive in 1980. Whilst at Aitken Spence he pursued his higher studies in printing and obtained his Diploma in Printing Technology and Management at the prestigious Sri Lanka Institute of Printing, and today is a Fellow of the Institute. He was then promoted as senior executive and in the year 1988 as production manager. In 1993 he left the company but continued to serve the industry in a senior managerial capacity for a period of 17 years. During this time he proceeded to the Netherlands where he underwent advanced training in Printing Technology & Didactics at the Netherlands INGRIN Institute.

In 2010 Mr. Karunathilake re-joined the Company as the Managing Director of Aitken Spence Printing & Packaging (Private) Limited. In September 2012, he was promoted as a Director of the Aitken Spence Group.

He is currently a Director of the INGRIN Institute of Printing & Graphics Sri Lanka, a Lecturer of the Sri Lanka Institute of Printing, an adviser for the Printing and Packaging Industry at the Export Development Board and an adviser on the Wages Board for the Printing Trade.

He is also a member of the Sri Lanka Institute of Directors.

Mr. L. Wickremarachchi

Mr. Leel Wickremarachchi joined Aitken Spence in February 2013 as the Deputy Chairman/Managing Director of its power segment. He also functions as CEO/Managing Director of Western Power Company (Pvt) Ltd., a subsidiary of Aitken Spence PLC, which owns and operates the country's first waste to energy power plant with an installed capacity of 10 MW.

Mr. Wickremarachchi has held senior positions in both public and private sector organisations. Immediately before joining Aitken Spence PLC., Mr. Wickremarachchi worked as a consultant to the Government of Liberia, in West Africa, under a USAID funded project, in the renewable energy sector. He was Director General of the Public Enterprises Reform Commission (PERC) from 2004 to 2006. He also did a consultancy assignment in 2004 for the Ministry of Privatization of the Government of Pakistan, funded by Asian Development Bank, in establishing a Public-Private Infrastructure Financing Facility for Pakistan. He had also worked at USAID/Sri Lanka, from 1992 to 1998, managing its project on establishing a market for private sector infrastructure in Sri Lanka, which resulted in the Government of Sri Lanka approving the private sector to invest in thermal power projects, as Independent Power Producers (IPPs). Later he functioned as CEO of Private Sector Infrastructure Development Company (PSIDC), subordinated debt financing company for private sector financed infrastructure, owned by the Government of Sri Lanka, and funded by the World Bank and KfW of Germany.

Mr. Wickremarachchi holds an MSc in Engineering from the People's Friendship University of Moscow, Russia and has obtained his MBA from the Post Graduate Institute of Management of the University of Sri Jayewardenepura. He has attended many Executive Development Programmes including the programmes conducted by the JFK School of Government of Harvard University, USA, on "Infrastructure in a Market Economy", and the National University of Singapore on "General Management".

Mr. N.A.N. Jayasundera

Mr. Nalin Jayasundera has had a career spanning over 3 decades with Aitken Spence, joining initially in 1983 and then re-joining the company in 1990. Having successfully played different roles within the Tourism Sector he took over the leadership of Aitken Spence Travels (Private) Limited (ASTL) as the Managing Director in 2013. ASTL, a joint venture with TUI Travel PLC, is the leading destination management company in Sri Lanka.

With over 35 years of experience in the Tourism Sector he possesses a wide knowledge of the travel industry. Mr. Jayasundera has played an important role in developing the Tourism Sector by venturing into many new markets, developing new products and seeking new opportunities that have come up with new global trends. His best accolade in the recent years is leading his team to grow the Aitken Spence Travels business by 100% over the last six years.

Mr. Jayasundera is currently the Secretary of the Sri Lanka Association of Inbound Tour Operators (SLAITO) and he has held the positions of Vice President in the past. He was a member of the Sri Lanka Tourism Advisory Council, a Board Member of the Sri Lanka Conventions Bureau and currently serves as a Board Member of the Sri Lanka Tourism Promotion Bureau.

Mr. I.S. Cuttilan

Mr. Iqram Cuttilan joined Aitken Spence Shipping Limited In 1983. He was appointed as a Director of the company in 2000 and as the Managing Director/CEO of the maritime segment in 2017.

He overlooks the shipping agency, port management, and education which comes under the maritime segment as well as the freight segment of the Group.

He was involved in setting up the port management activities in Africa and Fiji and serves as a Director of Fiji Ports Terminal Limited and Fiji Ports Corporation Limited. He is a Director of the CINEC Campus (Private) Limited.

Mr. Cuttilan serves as the Chairman of the Ceylon Association of Shipping Agents (CASA). He is a Director of Sri Lanka Port Management Consultancy Services Ltd and serves as a member of the Advisory Committee on Logistics of the Export Development Board. He is the Immediate Past President of the Sri Lanka Malaysia Business Council of the Ceylon Chamber of Commerce and a Past President of the Sri Lanka Indonesia Friendship Association (SLIFA). He also serves as a member of the Logistics Committee of the European Chamber of Commerce of Sri Lanka.

He holds a Diploma in Marketing from CIM (UK), Diploma in Business Management (SLBDC), and is a Chartered Member of CILT (UK). He is also a member of the Alumni of the National University of Singapore and the Open University of Sri Lanka.

MANAGEMENT COUNCIL

Mr. A.J. Gunawardena

Mr. Janaka Gunawardena joined the Aitken Spence Group in 2016, bringing with him over 32 years of diverse management experience across multiple industry verticals including integrated logistics, supply chain management, FMCG & real estate.

Having commenced his professional career with Unilever Sri Lanka, he possesses extensive cross cultural exposure and experience in leadership positions spanning international geographies. He has also served as a Director of Mack International Freight (Pvt) Ltd (previously local agents for D B Schenker) and as General Manager Trans-Ware Logistics, both subsidiaries of the John Keells Group. He has also served as Country Manager- DHL Nepal, General Manager-AICT, GAC Pakistan (the largest dry port in Pakistan) and as Head of Logistics- GAC Abu Dhabi/Kuwait, prior to joining Aitken Spence. In his current role, Mr. Gunawardena leads and directs the integrated logistics sector of the Group.

Mr. Gunawardena has obtained his MBA from the Western Sydney University Australia and he is also a Chartered Member of The Institute of Logistics & Transport UK.

Mr. J.E. Brohier

Mr. Jerome Brohier heads the courier and cargo aviation segment in the Maritime and Freight Logistics Sector. He joined Aitken Spence Cargo in the year 2000 as the Manager of the express division which represented TNT International Express, Spring Global Mail and operated the domestic brand, Ace Xpress. He has over 30 years of experience in the express/logistics industry, majority of them at Aitken Spence Cargo. He was promoted to Director of the express division in 2006 and also functioned as the Country Manager of TNT International Express in Sri Lanka and the Maldives from 2008. In 2011 he took over as the Vice President of the freight and courier segment. Today, he heads this segment with responsibility for freight, express and cargo aviation in Sri Lanka, Bangladesh, Myanmar and Maldives. The segment represents leading global brands such as Qatar Airways Cargo, DB Schenker, DPD Group, DTDC, Asendia and Sri Lankan Airlines Cargo.

Mr. Brohier holds an MBA from the Australian Institute of Business (AIB), Adelaide, is an alumni of NUS- Stranford Graduate School of Business, Singapore and a member of the Association of Business Executives (ABE), UK. He is a committee member of the Sri Lanka – Singapore Business Council, a past president of the Sri Lanka Association of Air Express Companies and a former committee member of the Ceylon Chamber of Commerce.

Mr. V.P. Kudaliyanage

Mr. Vasantha Kudaliyanage, an accomplished multifaceted leader in the aviation industry with comprehensive in-depth experience & knowledge of the aviation business, is the Managing Director of the General Sales Agency for Singapore Airlines.

Mr. Kudaliyanage's professionalism and systematic approach continues to ensure excellent service delivery for project completion. His outstanding services has been recognised by SIA, our longest GSA of 49 years and he was awarded, 2010 – CEO Award and many regional awards.

Joining Aitken Spence, he counts 35 years of service, marked by exemplary loyalty, dedication and reliability. His flexibility and adaptability in managing diverse services and delivering results while professionalism and systematic approach continues to ensure excellent service delivery. With the current position, a rapid overall growth was shown with increased productivity at Aitken Spence Aviation.

Mr. D.R.C. Hindurangala

Mr. Chaminda Hindurangala has been with Aitken Spence Group for over 20 years, joining initially in 1996 and then re-joining in 2018. Having successfully played significant roles within the power generation segment and the maritime segment, he took over the leadership of the elevators segment in 2018. Elevators (Private) Limited is a joint venture with OTIS Company (Singapore), OTIS is the leading elevator brand in the world.

In the maritime segment, he was head of operations of the port management business in Africa. He is well experienced in business development and business process re-engineering to improve processes and increase efficiency. He is also a Director of Aitken Spence Ports International Limited.

He is a Fellow of the Institute of Chartered Accountants (CA) Sri Lanka, member of CPA Australia, holds a Diploma in Marketing from CIM (UK), an MBA from the University of Wales (UK) and a Certified Lean Six Sigma Black Belt.

Mr. J.C. Weerakone

Mr. Jeevaka Weerakone is the Chief Operating Officer/ Vice President for Aitken Spence Hotels in Sri Lanka.

Counting over 30 years of expertise in the hospitality industry in Sri Lanka and overseas, he has extensive knowledge about the industry, hotel operations & management and human resources. Prior to taking over his current role, he held the positions of Director Operations for Aitken Spence Hotels – Sri Lanka sector, Vice President- Operations for the Sri Lankan Hotels – Northern Sector, Assistant Vice President – Human Resources, Learning and Development for the entire Hotel Sector, Executive General Manager for Heritance Kandalama and General Manager for Earl's Regency.

He holds an MBA and is a Graduate of the Sri Lanka Institute of Tourism & Hotel

Management (SLITHM); and a Fellow of the Ceylon Hotel School Graduates Association (FCHSGA). He is also a qualified consultant for ISO 9000 quality system.

Mr. Weerakone is a Managing Committee Member of the Tourist Hotels Association of Sri Lanka (THASL), has served as an Executive Committee Member of the Regional Economic Development Agency (REDA) under the central provincial council and was a Committee Member of the CHSGA in 2010.

Mr. B. Bulumulla

Mr. Bhathiya Bulumulla joined Elpitiya Plantations PLC in February 1999 and was appointed as the Chief Executive Officer of the Company in 2013. He was appointed as the Director of Aitken Spence Plantations Managements PLC and of Elpitiya Plantations PLC during the years 2017 and 2018.

He was involved in the expansion of palm oil cultivation and other diversified projects of the company such as solar power generation, berry cultivation and setting up of the ESCAPE adventure theme park jointly with a Malaysian company. He was instrumental in the digitisation of all activities of Elpitiya Plantations PLC.

Mr. Bulumulla is the current Chairman of the Planters Association of Ceylon and serves on the Board of Plantation Human Development Trust and the Rubber Research Institute of Sri Lanka. He is also a member of the Board of Study of the Wayamba University of Sri Lanka and National Institute of Plantation Management.

Mr. Bulumulla holds a Diploma in Plantation Management from the National Institute of Plantation Management (NIPM), a B.Sc. (Hons) Degree in Plantation Management, from the Wayamba University of Sri Lanka and an M.Sc. degree in Environment Science from the Open University of Colombo.

Mr. Bulumulla is also a Fellow Member of the National Institute of Plantation Management (NIPM).

Mr. N.T.K.D. Vijithananda

Mr. Kushaan Vijithananda is the CEO/ VP/ Director of the apparel manufacture segment of Aitken Spence. He started his career in apparels in 1997 as a management trainee attached to a reputed garment manufacturing company in Sri Lanka.

During his 24 years of a successful career in the industry he had held many key positions both in Sri Lanka and Overseas.

He was instrumental in setting up South East Asia’s biggest suit manufacturing facility in Bangladesh which produces 100,000 suits for prestige brands in the world.

Mr. Vijithananda was one of the few leaders in the apparel industry to work hand in glove with the Ethiopian government in setting up apparel business in Hawasa Ethiopia.

Before joining Aitken Spence, Mr. Vijithananda was in Bangladesh working for a prestigious Hongkong based Group as their Senior Vice President.

Mr. Vijithananda is a qualified Engineer, graduate of University of Hertfordshire UK in Manufacturing systems engineering and a post-graduate from University of Sri Jayewardenepura Sri Lanka.

SENIOR MANAGEMENT COMMITTEE
- TOURISM SECTOR

In alphabetical order

Ms. D.R. Alexander
Assistant Vice President - Hotels segment

Mr. D.J. De Crusz
Vice President- Hotels segment

Mr. S.N. De Silva
Chief Executive Officer
- Oman Hotels segment

Mr. M.C.C.S. Dissanayake
Assistant Vice President
- Maldives resorts segment

Mr. S.T.B. Ellepola
Chief Operating Officer
- Destination Management segment

Mr. M.D.B.J. Gunatilake
Chief Operating Officer
- Maldives resort segment

Mr. M.T. Hapuarachchi
Assistant Vice President
- Destination Management segment

Mr. A.S. Hapugoda
Assistant Vice President
- Destination Management segment

Mr. K.D.D.P. Kumarasinghe
Assistant Vice President
- Hotels segment

Mr. R.S. Ratnayake
Assistant Vice President
- Destination Management segment

Ms. L.A. Raymond
Vice President
- Hotels segment

Mr. L.B. Sumanasinghe
Assistant Vice President
- Destination Management segment

Mr. D.L. Warawita
Assistant Vice President
- Destination Management segment

SENIOR MANAGEMENT COMMITTEE
- MARITIME AND FREIGHT LOGISTICS SECTOR

In alphabetical order

Mr. C.A.S. Anthony
Vice President- Integrated Logistics segment

Mr. M. Balasooriya
Assistant Vice President- Freight segment

Mr. H. Dela Bandara
Vice President- Maritime segment

Mr. M.A.M. Isfahan
Assistant Vice President- Maritime, Freight and Integrated Logistics segments

Mr. C.J. Jirasinha
Assistant Vice President- Freight segment

Ms. D.D.T.S. Karunaratne
Assistant Vice President- Maritime, Freight and Integrated Logistics segments

Mr. L.I. Witanachchi
Assistant Vice President- Maritime segment

SENIOR MANAGEMENT COMMITTEE
- STRATEGIC INVESTMENTS SECTOR

In alphabetical order

Mr. T.M.S. Fonseka
Assistant Vice President- Corporate Services

Ms. R.I.D. Katipearachchi
Vice President- Corporate Services

Ms. R.D. Nicholas
Assistant Vice President- Corporate Services

Mr. N.L.T. Perera
Assistant Vice President- Corporate Services

Mr. B.Y. Poopalapillai
Assistant Vice President- Corporate Services

Mr. V.S. Premawardhana
Assistant Vice President- Corporate Services

Mr. H.K.A. Rathnaweera
Assistant Vice President- Corporate Services

Ms. W.A.D.L. Silva
Assistant Vice President- Corporate Services

Mr. A.S.L.R. Wickremesooriya
Assistant Vice President- Corporate Services

SENIOR MANAGEMENT COMMITTEE
- SERVICES SECTOR

In alphabetical order

Mr. S.D. De Silva
Assistant Vice President
- MMBL Money Transfer

Mr. A.N. Seneviratne
Assistant Vice President
- Insurance segment

UNRAVELLING UNCERTAINTY

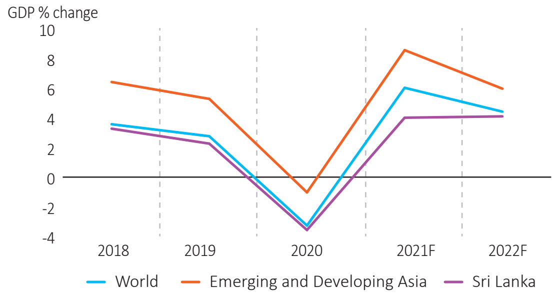
The future might seem cloudy and imperceptible today; but we're breaking away from the uncertainty to unfold a new age of value creation and preservation. We're foreseeing opportunity amid the unpredictability of the days ahead.

Management Discussion & Analysis

OPERATING ENVIRONMENT

Context	Annual Summary

Economic growth



Source : IMF

Following a disruptive year in 2020 caused by the COVID-19 pandemic the Global economy contracted by 3.3%. The Sri Lankan economy also contracted by 3.6% in 2020. Sri Lanka's sovereign rating was downgraded during the year.

Health and safety

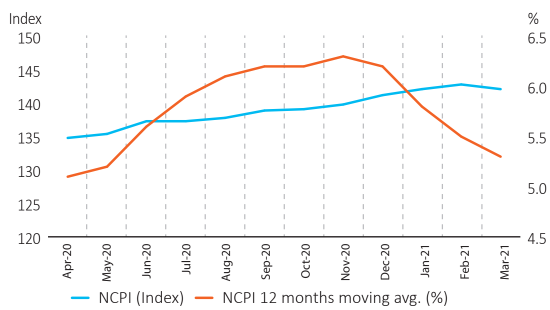
	Confirmed cases	Deaths	Vaccine doses administered
	166,860,081	3,459,996	1,489,727,128
	164,201	1,210	1,659,656

Source : WHO (as at 25th May 2021)

In Sri Lanka an Island-wide lockdown was imposed in March last year to control the spread of COVID-19. This lockdown continued until May. Sporadic lockdowns and restrictions on inter-district/province travel followed thereafter with a second wave in the 3rd quarter of the financial year. The situation improved with the rollout of vaccines in the 4th quarter but late April 2021 has seen a new wave with a new variant assessed as a Level 2 threat by CDC, USA.

International borders were closed for tourism by 96% of countries according to UNWTO which were gradually opened creating travel bubbles between a few nations. Many of these travel or bio bubbles were subject to stops and starts as new waves continued to disrupt travel and business.

Inflation

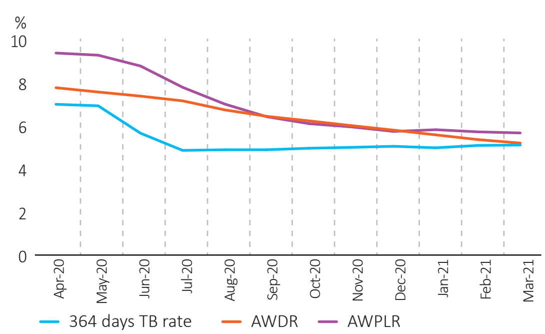


Source : CBSL

The 12-month moving average inflation rate as measured by the National Consumer Price Index was 5.3% by the end of the financial year remaining within the targeted range of 4-6%. This was when compared to 4.9% in the same period last year.

Oil prices remained a concern with its impact on headline inflation. State support was crucial in maintaining stable energy prices.

Interest rates



Source : CBSL

Interest rates continued to decline responding to monetary easing measures adopted by the Government and the Central Bank. The Central Bank initiated a series of monetary easing measures, where the policy rates were cut 3 times during the financial year.

The monthly AWPLR which was 9.35% at the end of the last financial year, decreased to 5.67% during the current financial year.

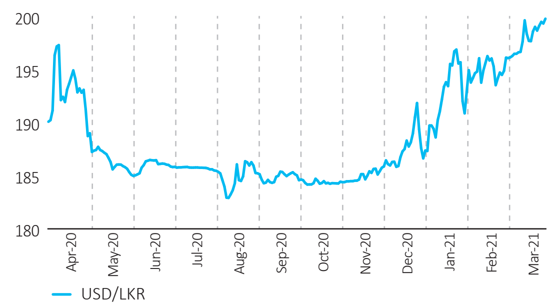
Treasury bills and bond rates have come down over the year. (1 year T bill- 5.11%, 5 year bond- 7.05%)

Impact on the Group	Outlook for 2021-2022
• Shutdown of borders was a blow to the Tourism sector which has investments in 5 countries. While all hotels are now open for business, occupancy and margins remain low. • The Maritime and Freight Logistics sector was impacted by lower international trade volumes and import restrictions imposed to ease pressure on exchange rates. • Apparel and printing operations were impacted by subdued demand resulting from lower disposal income and significantly changed consumer habits.	Global GDP is forecast to grow by 6% in 2021 moderating to 4.4% in 2022 as the IMF revised its projections upwards in April 2021. This reflects additional fiscal support in a few large economies, rollout of vaccines and the adaptation to subdued mobility. Sri Lanka's growth is forecast at 6% for 2021 and 5.2% in 2022. Debt servicing capacity and pressure on the exchange rate remain concerns with potential knock-on effects on inflation and interest rates.
• Overnight adaptation to working from home due to the lockdown imposed by the Government. • Essential and near essential services such as power, maritime, integrated logistics, freight, plantations, printing and packaging worked through the lockdown despite the risks. • Accelerated digitalisation as we adapted to connecting virtually. • Tourism sector was severely impacted by border closures. Sri Lanka recommenced domestic tourism in July 2020 and international tourism in January 2021. Maldives reopened in July 2020 for international tourists. Hotels in Oman and India remained open but with minimal occupancy. • Port congestion due to safety measures and slower throughput.	Health and safety of travel remains a concern due to new waves and variants while vaccines and therapies developed offer hopes of revival. According to UNWTO as at February 2021, about 70% of countries have lifted their border closures and majority of destinations around the world (53%) have now started easing travel restrictions introduced in response to the COVID-19 pandemic, though many remain cautious in view of the development of the pandemic.
• Increase in cost of production resulted in diminishing margins. This required increased focus across the group on cost management strategies to remain competitive. • Negative impact on personal disposable income affected domestic tourism business and other B to C businesses of the Group.	Over the next few years Inflation is expected to gradually increase with the expected improvement in aggregate demand, stimulated by accommodative monetary and fiscal policies and the normalisation of global oil prices.
• The reduction in interest rates lowered the borrowing cost of the Group significantly. • Downward shift in the yield curve necessitated the Group to re-evaluate investment strategy. • Accessibility to low cost financing provided the Group with alternative short-term funding options to optimize the overall borrowing position.	The low interest rates are likely to remain in the foreseeable future in order to support the recovery of the economy.

OPERATING ENVIRONMENT

Context	Annual Summary

Exchange rate



Source : CBSL

Hampered export earnings and the lack of foreign exchange inflows from tourism exerted pressure on the Sri Lankan Rupee.

The local currency depreciated sharply against the US Dollar in April 2020 in tandem with the first lockdown phase but recovered to record a marginal appreciation by December. Thereafter, a swift depreciation in the range of 6.60% was seen from January to March 2021 owing to the lack of liquidity and uncertainty. The financial year ended with the USD/LKR pair recording an annual depreciation of nearly ten rupees.

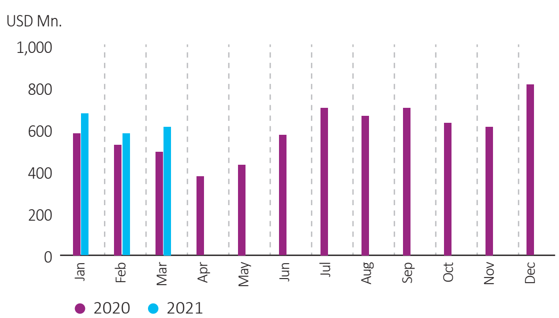
Government policy

The Government introduced several relief measures and large-scale policy stimuli to help businesses affected by the pandemic. The Central Bank initiated a series of monetary easing measures, including multiple reductions of the policy rates and the Statutory Reserve Ratio.

Restrictions were imposed on imports to control the balance of payment and exchange rate.

Agricultural policies and government mandated wage hikes play a key role in determining the fortunes of the regional plantation companies.

Worker remittances



Source : CBSL

According to the CBSL report, the total worker remittances increased to USD 7,103.9 Mn in 2020 when compared to USD 6,717.2 Mn in 2019. This was mainly due to the unexpected rebound in worker remittances from June 2020.

World trade

Source : IMF

Although global trade flows declined in the 2nd quarter of 2020, container traffic volumes picked up by December 2020. The overall trade volumes are estimated to have decreased by 5.3% in 2020.

The freight rates increased during the year due to the reduction in capacity by shipping lines.

Impact on the Group	Outlook for 2021-2022
• The Group is a net foreign currency earner and the overall impact of the Rupee devaluation is generally favourable to the Group's performance. However, this financial year due to the lower foreign exchange earnings derived by the Tourism sector, the net benefit to the Group by the devaluation was lower. • Printing segment faced several challenges due to the depreciation of the exchange rate. With the depreciation of the Rupee raw material prices continued to rise.	The exchange rate remains volatile with significant upside risk. Market participants are expected to act cautiously in the backdrop of depleted USD and a less than ideal recovery in global markets.
• Tourism and some other sectors were able to avail these relief measures and better manage their cash flows. • Restriction on imports had a negative impact on the volumes in our freight forwarding segment. • The volumes in liner shipping operation declined but with the increase in rates the segment performed better than the previous year.	The Government is likely to continue the accommodative monetary policy in order to achieve a high economic growth rate with import substitution being the cornerstone of its strategy of safeguarding the foreign exchange reserves.
• Money transfer business of the Group was benefited due the increase in worker remittances.	National thought process is to gradually reduce the number of unskilled migrant workers being sent to traditional markets such as the UAE, Saudi Arabia etc., and shift the focus to sending high skilled migrant workers to developed economies the likes of Japan, Singapore, EU etc. Government projects are underway to provide child support and education services to the families of migrant workers. A special programme is launched in association with the ILO named "skills passport" to streamline the re-entry of migrant workers to the local labour market once they return home.
• Increase in freight rates resulted in an increase in the higher profitability of the liner shipping agency and airline cargo GSA operations.	As per WTO world merchandise trade volume is expected to increase by 8.0% in 2021, slowing down to 4.0% in 2022, with the total volume of global trade remaining below the pre-pandemic levels.

OUR RESPONSE TO COVID-19

When COVID-19 impacted the world and Sri Lanka, the entire business community including Aitken Spence was thrust into the unknown. The diversification strategy to mitigate any regional catastrophe was not much help as it was a global pandemic of unprecedented scale. What we experienced was a hitherto unknown situation which evolved from a mild concern to fully fledged catastrophe within a few weeks. Successfully responding to such rapid change required drawing upon our business acumen and deep knowledge about the markets developed for over one and a half centuries.

PURPOSEFUL LEADERSHIP

As the lockdown commenced, the leadership team immediately began putting together a contingency plan to ensure that the future of businesses was secure. The Group responded on multiple fronts simultaneously focusing on mitigating the immediate impact as well as the medium to long term impact on business. The Company on a priority basis adopted a strategy to ensure that it can successfully navigate through any emergency in the future. The company had to change the strategy of "business as usual" and implement new ways of doing business. The Spensonian leadership had to take control as responding with urgency was critical to the rapidly-evolving business landscape. Fast and proactive decision making, changing the manner we work using technology, inculcating innovation within Spensonians and creating a new working environment within the organisation was the crux of our response to COVID-19.

1. Crisis Management and Communication

- As one of the first companies to be affected with the visit of a service provider two days prior to diagnosis as COVID-19 positive, the ensuing publicity in social, electronic and print media was effectively handled with clarification of the facts for better transparency.
- The senior leadership and the corporate communications team worked together to manage the information relating to COVID-19 exposure within the Group by disseminating correct information to the public and media.
- The lockdown was imposed almost overnight in the country with little warning, and this created unprecedented challenges to the Group where business segments such as Power generation and Maritime and Freight Logistics which provide essential services had to operate continuously to sustain the economy. In order to operate the businesses which required the physical presence of people we had to ensure their safe passage to the relevant facilities as well as to provide a COVID-19 safe work environment.
- As the lockdown took place in the middle of the peak tourist season, there were a significant number of visitors in our hotels and on excursions in the country whose well-being was our responsibility. This was ensured by the Tourism sector which provided required amenities to our guests and cared for them until they could travel back to their respective countries safely.
- Since the Group had proactively put in place the technological backbone required to perform most of the crucial transactions digitally, we were able to successfully transition to remote work almost immediately as the Spensonians rose to the challenge. All meetings were converted from physical to virtual whilst financial transactions became paperless.
- We were one of the first companies to move into conducting the Annual General Meeting virtually and were also among the companies that did not delay the publication of the Group's Annual Report which is one of our key tools of communication with stakeholders.

2. Protecting Health & Safety of all Stakeholders

- Ensuring the safety of our employees and customers was a key priority. We had proactively established stringent health and safety protocols aligned to global benchmarks thereby minimizing the risk of exposure of our stakeholders.
- As a part of the Group's efforts to build awareness, Aitken Spence developed a COVID-19 health and safety manual which provides comprehensive details about health and safety measures to be taken while at office and include steps to be followed in certain external environments.
- Spence Safe was launched at Aitken Spence hotels in Sri Lanka, Maldives, Oman and India. The guidelines offer protective measures to be taken to enhance guest safety at our international and local properties with the Sri Lanka Tourism Development Authority issuing 'Safe & Secure Certificates of Compliance' to all Aitken Spence properties in Sri Lanka.

3. For Our Employees

- ***Ensuring job security to our employees* –** Members of the leadership team and all employees undertook voluntary salary reductions to ensure job security. Employees of the Tourism sector were also redeployed into other SBUs of the Group where vacancies arose to avoid retrenchment of staff.

- ***Safe Commuting* –** The Group provided transport for employees who would otherwise be required to utilise public transport on their commute to and from work during the pandemic period while those who could work remotely were provided the opportunity to do so.

- ***Semi virtual mobility* –**The Group introduced Semi Virtual Mobility (SVM) enabling employees to work from home for which the technological infrastructure was already in place. SVM was implemented as a permanent endeavour which enabled a significant proportion of Spensonians to work from home for at least two days of the week, leading to significant financial as well as non-financial benefits to both the Group and the employees concerned. At present, 25% of the office-based employees work remotely. The SVM, which is a 3-phase structure, has already achieved the Phase 1 target. Moving into the future, with the lessons learned, the Group would continue with SVM as it is beneficial for all stakeholders.

- ***Upskilling employees* –** Supporting the transition to a new norm- Aitken Spence School of Management introduced learning and development programmes aimed at enhancing their knowledge and skills required for the 'new normal' era. With majority of L&D programmes being held online and on TARTAN (Aitken Spence's Learning Management System) employees can engage in L&D activities while working remotely as well.

4. Seizing Opportunities

- Aitken Spence Group took advantage of the pandemic induced changes to the operating landscape to institute new business models through re-align, re-invent and re-launch of products and services with the objective of creating a more competitive strategic space.

- Reviving Tourism-Leading the renaissance of tourism in Sri Lanka and Maldives by developing non-traditional markets such as Estonia and Kazakhstan together with our long-standing tour operator partners and arranging charter flights in accordance with health & safety protocols.

- Business continuity- Apparel and Printing segments expanded supplier networks in other regions to mitigate the possible risk of supplier chain disruption whilst broad-basing our customer offerings.

- Engaging Business partner support-Qatar GSA operation became a case study on our ability to convert adversity into a success story. With most airlines flying to Sri Lanka suspending regular flights, the demand for freight and cargo flights increased exponentially. This presented a window of opportunity for our Qatar GSA operation to ramp up the market share through exceptional customer service.

- Business transformation through digitization was given a high priority with concerted measures being implemented to ensure digitizing of our operational and financial processes.

- CINEC, the management and engineering campus coming under the education segment was able to successfully convert class room sessions into online courses and satisfy the educational requirements of many students.

5. Financial Stability

The Group took cognizance of the reality that preservation of capital is of utmost importance during the business downturn resulting from the pandemic and took necessary action to ensure that there is sufficient liquidity available for its operational requirements. Several important decisions were made in this regard affecting both the short and long-term business horizons.

- All non-essential capital expenditure was put on hold for the first six months of the year until there was better visibility about the future. During the second half some of those decisions were reviewed although the Group did not incur any large-scale capital expenditure during the year except on on-going projects.

- Managing receivables was the focus of the Group Supervisory Board and the senior management which ensured that working capital levels of the Group remained strong despite the business downturn.

- The Group also negotiated new working capital as well as term funding lines from financial institutions at very favourable interest rates. The availability of approved but unutilised funding facilities was a comfort factor during this period.

- The Group under normal business conditions generates a high volume of foreign exchange through its operations although the pandemic affected this key aspect of the revenue. Therefore, retaining foreign exchange reserves was also a focus area as it is vital to meet future investment and liquidity requirements of the Group.

- Under a directive from regulatory authorities, financial institutions offered a debt moratoria for interest and capital for COVID-19 affected businesses. The Group, especially the Tourism sector, made the use of this concession by obtaining moratoria for borrowings which resulted in improving the working capital.

OUR KEY STAKEHOLDERS

Sustainability of the Group depends on an equitable balance of stakeholder interests in harmony with changes in the operating environment, and the Group's resources and capabilities. The uncertainty and volatility of the current operating environment has changed priorities for many stakeholders and our ability to address these concerns contributes towards the growth of the Group.

Social distancing necessitated a change in how we engage with key stakeholders: a significant proportion of physical meetings shifted to virtual platforms. This has changed stakeholder dynamics significantly.

As we move forward, we would need to consider the challenges of the change and address the disadvantages.

The Group's stakeholder engagement processes ensure timely disseminating of reliable information to stakeholders and obtaining feedback from them regarding their changing priorities and concerns. We obtain third party assistance to verify concerns identified through our internal mechanisms enhancing the objectivity of our findings from time to time. Other methods of engagement are more frequent and provide the insights we need to align our strategy.

EMPLOYEES

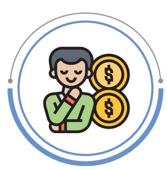
Employees drive our performance and growth, and a comprehensive value proposition aligning corporate and personal goals sustaining their continued engagement.

Our customers include governments, individuals across all income segments and entities of varying scale and size. Their perception of value derived is a key imperative for growth.

CUSTOMERS

We manage our businesses to provide returns commensurate with the risks undertaken by these stakeholders while balancing interests of other stakeholders.

PROVIDERS OF FINANCIAL CAPITAL



JV PARTNERS & PRINCIPALS

Our principals and joint venture partners play a key role in our growth, connecting the Group with global networks and opportunities.

SUPPLIERS & SERVICE PROVIDERS

Reliable suppliers and service providers support continuous service excellence to our businesses.

Our businesses are aligned with the development agendas of the countries we operate in; through compliance with regulatory requirements, payment of taxes and responsible corporate citizenship.

GOVERNMENTS & REGULATORS

COMMUNITY

Our businesses seek to add value to communities through sustainable operations, local employment and entrepreneurship opportunities.

GRI 102 -40, 42, 43, 44

EMPLOYEES

12,500 employees across 8 countries in over 16 diverse industry sectors

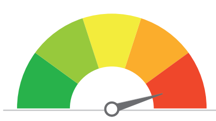
Stakeholder expectations:

- Job security and career growth
- Competitive salary, benefits, rewards and recognition
- A safe and healthy work environment
- Work life balance

Methods of engagement:

- Open door policy
- Network of Human Resource Partners
- Staff conventions, competitions and other activities
- Grievance handling procedures and whistle-blowing
- Internal newsletters, intranet and social media

Level of priority of the stakeholder's feedback to select material topics: High



Our commitment:

Provide a safe and inspiring working environment supporting personal and professional growth through fair remuneration and talent development.

CUSTOMERS

As a diversified Group, we have a diverse profile of customers whose influence helps us to grow and serve them better

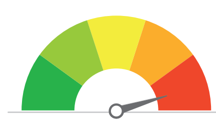
Stakeholder expectations:

- Product quality and reliability
- Product responsibility
- New experiences, innovative products and services keeping with global market trends and unique local flavour
- Value for money
- Data security and privacy of customer information
- Customer focused interaction and inclusion

Methods of engagement:

- Direct communication with designated points of contact
- Buyer inspections audits
- Social media, website and print media
- SpenceWay- Customer satisfaction surveys

Level of priority of the stakeholder's feedback to select material topics: High



Our commitment:

Work towards innovating our processes to provide best in class products and services to customers.

INVESTORS, SHAREHOLDERS, BANKS & FINANCIAL INSTITUTIONS

Globally recognised investors and partners who have entered Sri Lanka through Aitken Spence

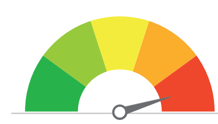
Stakeholder expectations:

- Return on Investment
- Opportunities for growth
- Business continuity
- Ethical conduct and sustainable profitability
- Innovative and competitive business strategies

Methods of engagement:

- Annual General Meeting and other regular meetings
- Financial reporting
- Print, digital and voice
- Investor forums and discussions
- On site investor reviews for specific projects

Level of priority of the stakeholder's feedback to select material topics: High



Our commitment:

We work with our investors, shareholders, banks and financial institutions to deliver returns commensurate with the risks undertaken and keep them apprised of our progress and challenges in a timely and transparent manner.

OUR KEY STAKEHOLDERS

SUPPLIERS & SERVICE PROVIDERS

As a diversified holdings company, we operate with a network of more than 10,000 suppliers and service providers in diverse industries

Stakeholder expectations:

- Opportunities for economic development
- Sustainable and profitable business relationships
- Ethical conduct
- Professionalism in service conduct
- Competitive advantage

Methods of engagement:

- Direct and ongoing communication
- Supplier appraisals
- Industry events

Level of priority of the stakeholder's feedback to select material topics: Moderate

Our commitment:

Support mutual growth with reliable and sustainable supply chains.

GOVERNMENTS & REGULATORS

As responsible corporate citizens, we are committed to be compliant with laws and regulations and to support sustainable development in every location where we operate

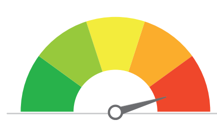
Stakeholder expectations:

- Attract foreign investors
- Compliance
- Generation of employment
- Foreign income generation
- Payment of taxes/ fees/ levies/ government dues

Methods of engagement:

- Direct dialogues with policymakers and regulators
- Publications and reports
- Participation in industry/ national level events, consultation platforms
- Through industry affiliations
- Compliance reviews
- Media and annual reports

Level of priority of the stakeholder's feedback to select material topics: High



Our commitment:

Continue to establish and maintain governance structures that comply with legal and other regulatory requirements necessary in the industries we operate in.

COMMUNITY

We define 'local community' as the immediate community within 35-45km radius of our operations outside Colombo District; and the local communities of the countries we work in, for operations outside Sri Lanka

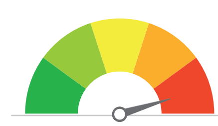
Stakeholder expectations:

- Local economic development and employment
- Improve and develop infrastructure
- Leadership in environmental and social governance
- Ensure safety, health and welfare of the communities
- Build sustainable social relationships

Methods of engagement:

- Direct communication
- Local supplier relationships
- Dialogues with community groups through ongoing initiatives for engagement
- Print and social media

Level of priority of the stakeholder's feedback to select material topics: High



Our commitment:

Engage in industry collaborations to strengthen economic development, enhance social sustainability and ensure environmental protection.

MATERIALITY

Aitken Spence is a pioneer in the sustainability movement in Sri Lanka and adopted a systemic and scientific approach early on to manage social and environmental priorities of the Group.

2002/03
Aitken Spence becomes signatory to the UN Global Compact

2005/06
Formation of a sustainability strategy with 3 main focus areas

2006/07
Formation of the Group's Sustainability Team

2007/08
Formulating the Group's integrated sustainability policy with 15 main focus areas

Adopted GRI reporting

2010/11
Group commences reporting on GHG emissions (Scope 1 &2)

Becomes one of the 1st signatories in the world to the Women's Empowerment Principles

2012/13
Human rights at the workplace and information security introduced to the Group's sustainability policy.

Integrated reporting guidelines of the IIRC introduced to the Group's annual report.

2018/19
The Group's integrated sustainability policy reviewed and revised again with 19 main focus areas in total

The Group developed a process to identify and prioritise material topics for environmental and social performance. A summary of this process is given below;

Process to Determine Material Topics

1. ASSESS POTENTIAL SOCIAL AND ENVIRONMENTAL IMPACTS

Mechanisms to identify impacts

- Defining the Group's Sustainability Framework- review of national and global development priorities, requirements of voluntary endorsements such as the UN Global Compact, Women's Empowerment Principles, Global Reporting Initiative etc.
- Desk reviews of our operations (e.g. operating environment and context for environmental and social impacts, compliance requirements, etc.)
- Feedback from our Sustainability Sub-Committees within the Subsidiaries
- Results of internal and external inspections and non-financial audits
- Feedback from key stakeholders

2. PRIORITISE MATERIAL TOPICS

Our filters to prioritise material topics

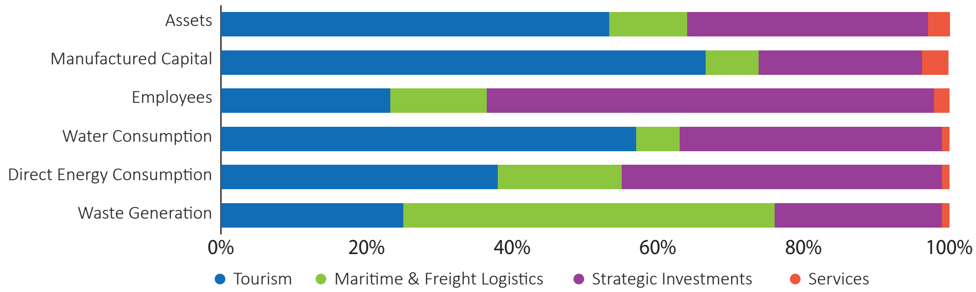
- Scale of the Impact: potential impact from the activity/ operation is significant
- Frequency of the Impact: perceived impact is low, but the frequency of impact occurrence is high
- Compliance Requirements: specific control measures are required by law for the activity/ operation or is stipulated within voluntary endorsements
- Risks to the company or key stakeholders: perceived risks have a high likelihood to disrupt the operation
- Public Perception: Key stakeholders such as community members consider action or control measures to be a requirement

Mechanism to prioritise topics;

- If any one of these criteria are marked as 'high' for an identified topic (operational aspect), it is considered a material topic.
- If the impact as well as the impact frequency are marked 'moderate', it is considered a material topic.
- If 4 out of the above-mentioned criteria are marked 'moderate', it is included into the list of priorities to be considered for action.
- All other aspects are revisited in routine reviews to assess materiality.

MATERIALITY

Operating environment and context for environmental and social impacts



The following material topics prioritised for our companies are commensurate with the nature and scale of the operational activities, resources that cause impacts, emissions, effluents and solid waste generated as well as concerns raised by key stakeholders in our assessments. The Group's sustainability strategy given on the next page explains how we use a three-pronged approach to guide our companies to implement action on identified priorities.

Note:

1. the significance of the organisation's impacts for the economy, environment or society
2. their substantive influence on the assessments and decisions of stakeholders.

Non-financial material topics (in summary)	1	2	1	2	1	2	1	2
Energy management	High	Medium	Medium	Medium	High	High	Low	Low
Water consumption	High	High	Low	Low	High	High	Low	Low
Effluent control	High	High	Medium	Medium	High	High	Low	Low
Emission control	High	Medium	Medium	Medium	High	High	Low	Low
Solid waste management	High	High	Medium	Medium	High	High	Medium	Medium
Impacts on biodiversity	High	High	Low	Low	High	High	No	No
Supplier environmental performance	High	Medium	Medium	Low	High	Medium	Low	Low
Environmental compliance	High	High	Medium	Medium	High	High	Low	Low
Employment practices	High	High	High	High	High	High	High	High
Employee relations	High	High	High	High	High	High	High	High
Health and safety	High	High	High	High	High	High	High	High
Employee skills development	High	Medium	High	High	High	Medium	High	High
Human rights at the workplace	High	High	High	High	High	High	High	High
Local communities	High	High	Medium	Medium	High	High	Low	Low
Supplier social performance	High	Medium	Medium	Medium	High	High	Low	Low
Customer health and safety	High	High	Medium	Medium	High	High	High	High
Product responsibility	High	High	Medium	Medium	High	High	High	High
Socio economic compliance	High	High	Medium	Medium	High	High	Low	Low

No significance Low significance Medium significance High significance

Please refer to the GRI Index for the detailed list of topic specific standards that we have reported on.

Our Integrated Sustainability Strategy

One of the biggest challenges we faced in developing a sustainability strategy was addressing the diversity of our organisation. The Group's integrated sustainability policy was formulated in 2008 as the general guideline for benchmarks to be maintained on environmental and social performance standards. This policy is a public document available on our website in Sinhala, Tamil and English. Our policy is supported by an implementation framework which lists required control measures, and recommended action for SBUs which take into consideration the diverse sustainability priorities of the Group. The policy is reviewed and revised routinely to keep it relevant to the changing needs of our stakeholders and the nature and scale of our operations.

The implementation framework groups these benchmarks into a three-pronged tier system to help our SBUs to plan action for identified impacts;

Tier 1

'Must Do' Action/
Essential Action

These are actions considered to be mandatory for all SBUs.

Determining factors for each SBU include; scale and frequency of the environmental, social or economic impacts; industry or stakeholder requirements; regulatory or management system requirements.

Tier 2

'Should Do' Action/
Expected Action

These are actions recommended to SBUs based on our materiality studies.

These actions strengthen sustainability priorities of the SBU or adds value to the operation; is a stakeholder recommendation; or is expected within a management system implemented.

Tier 3

'Could Do' Action/
Exemplary Action

These are optional actions to create strategic differentiation.

Determining factors for each SBU include ability to differentiate, possibility to give direction for sustainability leadership in the industry and potential transformational value to SBU operations and stakeholders.

The Group has over 140 diverse management systems including more than 60 environmental management systems and over 70 certified management systems maintained to provide sustainable products and services to our customers. The Group's sustainability strategy and management systems are supported by a pool of over 400 team members including trained internal auditors, environmental management representatives, first aid officers, fire wardens and HR partners across the Group.

The Group consistently reviews this policy and its implementation framework to ensure it is inclusive of the changing dynamics of the local and global operating environment and industries.

In line with the Group's sustainability strategy, our SBUs have the independence to decide the targets to achieve and how they implement action to meet required benchmarks.

Considering the outcomes of the materiality study and the priorities identified by the sectors, the Group's key targets are;

- Uphold compliance & ethics
- Create economic value
- Ensure occupational health & safety
- Uphold exemplary labour standards
- Efficient use of energy, water & other resources
- Reduction and safe management of emissions and solid waste
- Reduction and safe management of effluents
- Increase female representation in the workforce
- Biodiversity conservation

As a Group, we are signatories to the UN Global Compact and the Women's Empowerment Principles.

MATERIALITY

We also use the Sustainable Development Goals (SDGs) to identify material topics and action plans. SDGs are 17 goals and 169 targets within a world-wide plan of action called 'Agenda 2030' describing local and global development priorities. We align the Group's efforts to the following specific SDGs. Additionally, the SBUs also select SDGs to create sustainable value through their operations. Given below is a summary of our efforts to contribute towards achieving the SDGs. Please refer to the Management Discussion And Analysis section of this report and our website (www.aitkenspence.com/sustainability) for more details.

Summary of the 7 Sustainable Development Goals Aitken Spence PLC has Aligned to as a Group

4 QUALITY EDUCATION

Goal 4 : Inclusive and equitable quality education and lifelong learning opportunities for all
Targets 4.3, 4.4, 4.6, and 4.7

- Enabling access to online learning tools for employees to continue learning
- Increasing access to students in Sri Lanka for higher education in STEM subjects;
  - Roughly 50% of the student population is female
  - 13,939 student registrations during the year

5 GENDER EQUALITY

Goal 5 : Achieve gender equality and empower women and girls
Targets 5.1, 5.5 and 5B

- 41% female representation in the workforce
- 16% female representation in managerial positions

6 CLEAN WATER AND SANITATION

Goal 6 : Ensure sustainable management of water and decrease demand on freshwater
Targets 6.3, and 6.4

- 147,895m3 rainwater harvested for consumption
- 339,482m3 waste water treated for safe reuse or disposal

8 DECENT WORK AND ECONOMIC GROWTH

Goal 8 : Sustained, inclusive and sustainable economic growth by ensuring a safe and conducive workplace and facilitating economic growth for local suppliers and service providers
Targets: 8.4, 8.5, 8.6, 8.8, 8.9, and 8.10

- Over 3,500 suppliers educated and evaluated on social and environmental governance
- Over 140 diverse management systems maintained to provide a safe and conducive workplace for employees and all stakeholders

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Goal 9 : Resilient infrastructure, inclusive and sustainable industrialisation
Targets 9.1 and 9.4

- >45,000 MT of residual municipal solid waste kept away from landfills through Sri Lanka's first waste to energy power plant
- 1st carbon neutral, LEED certified green printing facility in South Asia; LEED certified hotel in the Maldives

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 12 : Sustainable consumption and production
Targets 12.2, 12.5, 12.6, 12.8 and 12B

- Managing resource efficiency through innovation, standardization, responsible construction and production
- 36% of the Group's total energy consumption and 44% of the Group's direct energy consumption sourced from renewable energy
- Zero waste dumping to landfills using the 7R principle

15 LIFE ON LAND

Goal 15 : Protect, restore and promote sustainable use of terrestrial ecosystems
Targets 15.2 and 15.5

- Working towards protecting our biodiversity and all ecosystems.
- Over 80ha forest cover protected in its pristine condition
- Over 8,000ha forest cover surveyed for biodiversity conservation
- Plant nursery and a tree belt of over 15,000 trees maintained at our power plant in Embilipitiya

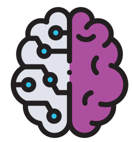
GROUP STRATEGY

KEY DRIVERS OF OUR GROUP STRATEGY

ENHANCE EARNING CAPACITY

Invest in business

- Investing in pioneering key business segments that are development priorities for Sri Lanka and the countries we operate in.
- Ensuring that our businesses are able to deliver regardless of circumstances beyond our control as well as continuing to invest in new business ventures.
- Digitalisation for process efficiencies and scalability with the value addition to our customers in mind.



REINVENT, REALIGN, RELAUNCH

Adapting and innovating to thrive

- Realigning the investment portfolio to ensure business continuity, especially in industries such as the hotels segment, to offset adverse impacts.
- Explore new markets for existing businesses.
- Persuading business partners to support growth.
- Enhancing our customer value proposition and drive customer satisfaction.
- Drive cost efficiencies and leaner operations

RELEVANT TO COMMUNITIES

Ensure we add value to communities where we operate

- Increase opportunities to the local communities for economic development
- Increasing access to higher education in STEM subjects as well as financial literacy within local communities
- Increasing access to differently-abled community members

ENVIRONMENTALLY CONSCIOUS

Invest in businesses that complement our purpose

- Strengthening our operational benchmarks for environmental performance through effective management systems and certification
- Group's direct energy consumption to be sourced from renewable energy sources to be increased to 50% by 2030
- Zero adverse impacts to natural water sources
- Zero waste dumping to landfills
- Zero adverse impacts on protected areas and areas of high biodiversity and value outside protected areas

AN AGILE TEAM

Invest in our people

- Future readiness of workforce by equipping the team with the required tools
- Employee engagement, knowledge enhancement and regular communication to keep the employees motivated.
- Driving a culture of innovation.
- Strengthen HR Governance by giving employees a platform to voice grievances and concerns

GROUP STRATEGY

ENHANCED EARNING CAPACITY

Invest in business

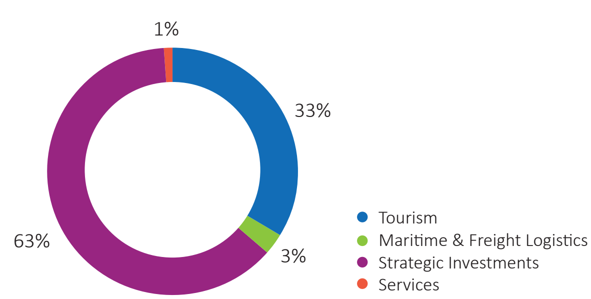
THE CHAOS WE FACED

- Policy inconsistency
- Severity of the impacts of the pandemic on our investment portfolio due to the nature of our industries such as hotels
- Disruption of business operations due to the pandemic
- Project delays due to circumstances beyond our control
- Restrictions on foreign exchange transactions and the rapid devaluation of the rupee

NAVIGATING COMPLEXITY

- Commissioning of Sri Lanka's first Waste to Energy Power Plant with a generation capacity of 10MW
- Expansion of hydro power capacity
- Plans being drawn up for a new state of the art warehousing facility
- Business continuity despite many adversities against our industries that were significantly affected by the lockdown
- Embarking on the eco-friendly adventure park, amidst the pandemic, illustrating the trust our international partners place in us
- Commenced digital transformation implementation with capacity building of employees

INVESTMENT IN NON-CURRENT ASSETS



IDENTIFIED RISK FACTORS TO THE GROWTH STRATEGY

- Project risk management
- Operating landscape
- Business interruptions
- Inconsistency in government policy and regulatory framework

CONQUERING CHAOS 2021/22

- Timely delivery on proposed investments
- Centralised focus on business and digital transformation in the Group
- Investing in appropriate technology and resources for digital and business transformation
- Strengthen our agility and flexibility and innovate business models, particularly in the industries that were affected such as the Tourism sector
- Maintaining and supporting the momentum of businesses that performed well during the pandemic
- More innovative use of office space through semi-virtual mobility

REINVENT, REALIGN, RELAUNCH

Adapting and Innovating to thrive

THE CHAOS WE FACED

- Health and safety precautions of our source markets
- Restrictions imposed on operations
- Resistance to change
- Restrictions in access to products for infrastructural and technological changes

NAVIGATING COMPLEXITY

- Developing domestic tourism
- Activating non-traditional source markets
- Innovating to meet changing customer needs and expectations
- Cost rationalisation throughout the Group
- Move to virtual and semi-virtual operations
- Commenced quarterly SpenceWay surveys to track customer feedback

MEASURING UP

1st
ever virtual AGM

27,967 sq. ft.
Floor space reduced

Digitisation introduced into plantation management for the first time in history

1,400
average cloud users per month

IDENTIFIED RISK FACTORS TO REINVENT, REALIGN, RELAUNCH

- Increased exposure to cyber threats
- Changing consumer habits

CONQUERING CHAOS 2021/22

- Drive revival of the Tourism sector with an innovative approach
- Process re-engineering throughout operations
- Business transformation to achieve efficiency and for competitive advantage
- Upskilling our staff to meet changing needs of the industries

GROUP STRATEGY

AN AGILE TEAM

Invest in our People

THE CHAOS WE FACED

- Adapting to new ways of working
- Employee engagement and morale
- Equipping employees with necessary tools
- Managing employee expectations
- Insufficient skills to meet changing business landscape
- Strategies to address the human resource cost amidst unparalleled challenges to maintain long-term business sustainability

CONQUERING CHAOS 2021/22

- Intrapreneurship
- Capability development
- Change management
- Deepen Semi-Virtual Mobility to 35%
- Redeployment of staff
- Realigning of employee roles and recruitment to suit changing business needs

NAVIGATING COMPLEXITY

- Ideation through SpenceLab
- Implementation of RPA training
- Semi virtual mobility
- Implementation of Learning Management System
- Delivery of training through digital platforms
- Online employee engagement campaigns, competitions and events
- New policies introduced to strengthen HR governance

IDENTIFIED RISK FACTORS

- Health, Safety and well-being of employees
- Managing employee expectations

MEASURING UP

25%
of Employees on SVM

3,140
Training programmes

60%
Training coverage

18,761
Hours of online learning

ENVIRONMENTALLY CONSCIOUS

Invest in businesses that complement our purpose

THE CHAOS WE FACED

- Preservation of water and reducing use of single use nonbiodegradable products in line with safety precautions for COVID-19
- Due to the closure of borders access to specialised external expertise was limited (for external audits etc.)

CONQUERING CHAOS 2021/22

- Generation of renewable energy and expand on solar energy generation by focusing on rooftop space across the Group
- Developing frameworks to reduce vulnerability of our business assets to risks from climate change and other natural disasters
- Waste management through the 7R Principle

NAVIGATING COMPLEXITY

- 76 certifications maintained and/ or obtained for environmental management systems while all management systems were maintained across the Group
- Direct energy consumption from renewable sources is at 45% (22% in 2019/20)
- No water sources were affected by our operations
- Waste water treated for reuse or safe disposal is at 100% for the hotels segment, manufacturing segment and our logistics yards and warehouses
- Solid waste and effluents sustainably managed using the 7Rs Principle
- No impacts on protected areas and areas of high biodiversity value outside protected areas and over 600 jeep drivers and tour guides trained to date on biodiversity and ecosystem conservation
- Sectoral identification of vulnerabilities of our business assets to natural disasters and exploring strategies of mitigation

IDENTIFIED RISK FACTORS FOR ENVIRONMENTAL PERFORMANCE

- Climate change risk
- Environmental risk
- Reputational risk
- Investment risk

MEASURING UP

76
certifications maintained and/or obtained

Over **60**
Management systems maintained primarily for environment

37,338
tonnes CO_{2e}
Emissions reduced and/or offset

Investment in sustainability processes
Rs. **55** Mn

GROUP STRATEGY

RELEVANT TO COMMUNITIES

Ensure we add value to communities where we operate

THE CHAOS WE FACED

- Restrictions to community development efforts due to COVID-19
- Business downturn impacting opportunities for local communities
- Local suppliers are affected directly and indirectly due to downturn in the Tourism sector

CONQUERING CHAOS 2021/22

- Strengthen community development efforts
- Enhance opportunities for women in our communities (diversity and inclusivity)

NAVIGATING COMPLEXITY

- Support extended to local suppliers
- Supplier education and screening on social and environmental governance
- Investment in community development
- Strengthening social relationships through our human rights and safety frameworks

IDENTIFIED RISK FACTORS FOR COMMUNITY DEVELOPMENT

- Social risk
- Reputational risk

MEASURING UP

Funds channelled for community development

Rs. 136 Mn

Over 60%

of employees from the 'local' community

Suppliers educated and screened on social and environmental governance

Over 3,500

41%

of women employed by the Group

OUR PROVIDERS OF CAPITAL

The Aitken Spence Group's non-tourism sectors delivered the highest ever profit before tax of Rs. 5.0 billion to minimise the impact of the Group's Tourism portfolio which recorded its worst year amidst challenges that converged in the wake of the COVID-19 pandemic. Losses from the Tourism sector weighed down the profits from the non-tourism sectors resulting in a consolidated loss before tax of Rs. 2.8 billion for the year. However, the Group's depreciation and amortisation charge for the year amounted to Rs. 4.6 billion, while serving as a reminder of the capital-intensive nature of the Group's investments in the Tourism and Strategic Investments sectors. Accordingly, the Group's EBITDA was Rs. 3.7 billion which reflects the resilience of the Group's cash flows as a result of its industry and geographical diversity.

Group Revenue from Non-Tourism sectors

Rs. 25.0 Bn

Group EBITDA from Non-Tourism sectors

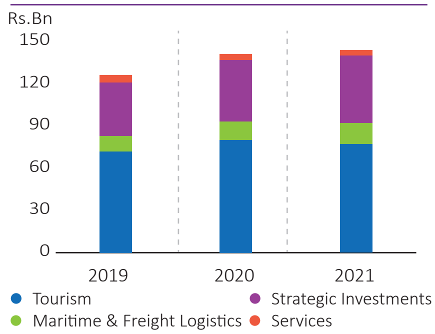
Rs. 6.0 Bn

Group PBT from Non-Tourism sectors

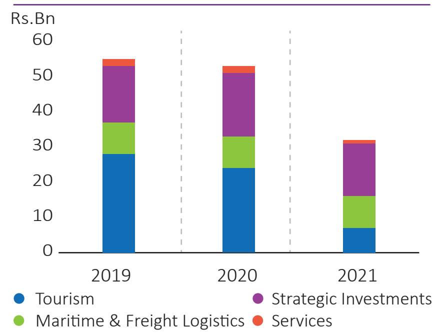
Rs. 5.0 Bn

INDUSTRY DIVERSITY

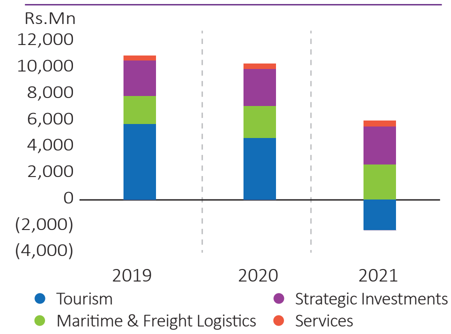
Total Segment Assets



Revenue from External Customers

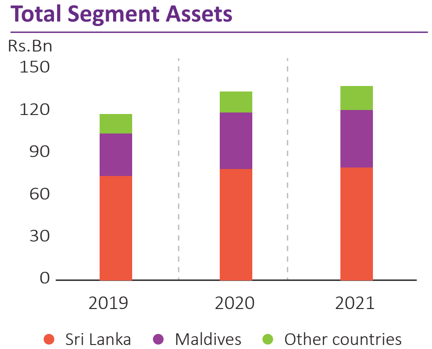


EBITDA

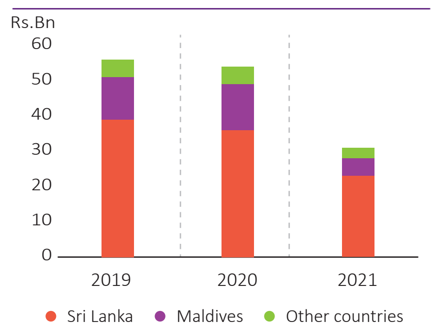


GEOGRAPHICAL DIVERSITY

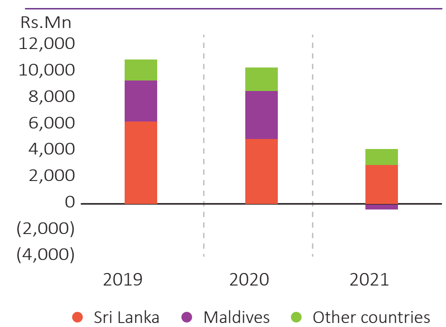
Total Segment Assets



Revenue from External Customers



EBITDA



The Tourism sector accounts for 53.2% of the total asset base of the Group and hence the impact of the pandemic as well as the effect of the Easter Sunday terror attacks in the previous year were more pronounced on it although the geographical diversity had a mitigating influence. The Group's resorts in the Maldives recorded a notable recovery in the occupancies and profitability with the reopening of the borders of the archipelago and achieved a profit from operations during the fourth quarter of the financial year.

OUR PROVIDERS OF CAPITAL

EARNINGS

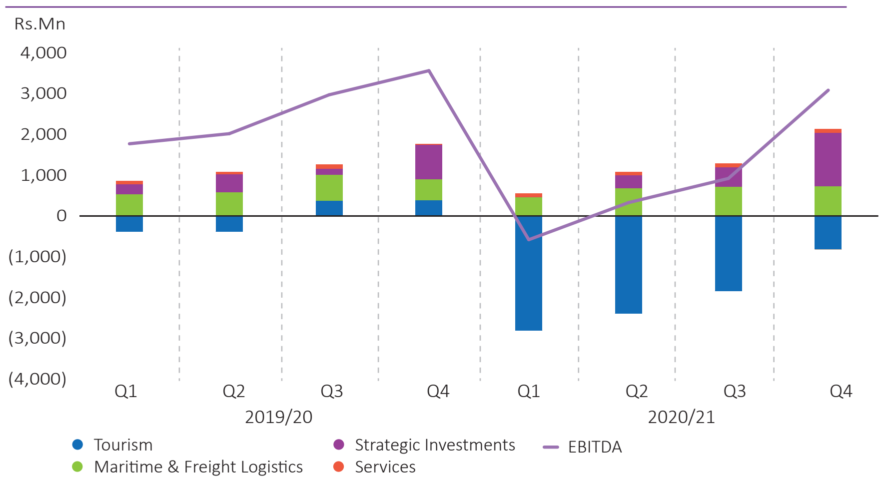
Extracts from Consolidated Income Statement

Year ended 31st March	2021 Rs. Mn	2020 Rs. Mn	2019 Rs. Mn
Revenue	**31,597.5**	**53,471.3**	**55,680.9**
Revenue taxes	(136.6)	(492.7)	(617.8)
Net revenue	**31,460.9**	**52,978.6**	**55,063.1**
Other operating income	639.0	850.2	702.6
Operating expenses	(32,961.0)	(47,627.4)	(47,749.2)
Profit / (loss) from operations	**(861.1)**	**6,204.1**	**8,016.5**
Finance income	812.8	792.4	757.8
Finance expenses	(3,171.8)	(3.047.6)	(1,880.9)
Net finance expense	**(2,359.0)**	**(2,255.2)**	**(1,123.1)**
Share of profit of equity-accounted investees (net of tax)	375.8	251.5	389.2
Profit / (loss) before tax	**(2,844.3)**	**4,197.7**	**7,282.6**
Income tax expense	(469.5)	(1,310.7)	(1,511.2)
Profit / (loss) for the year	**(3,313.8)**	**2,887.0**	**5,771.4**

For the year ended 31st March 2021

Sector	Profit / (loss) from operations Rs. Mn	Profit / (loss) before tax Rs. Mn	Depreciation and amortisation Rs. Mn	EBITDA Rs. Mn
Tourism	(5,688.1)	(7,853.5)	3,407.3	(2,280.9)
Maritime & Freight Logistics	2,130.1	2,567.1	551.4	2,681.5
Strategic Investments	2,304.2	2,049.6	551.8	2,856.0
Services	392.7	392.5	94.7	487.4
Group	**(861.1)**	**(2,844.3)**	**4,605.2**	**3,744.0**

Profit Before Tax & EBITDA



Group revenue declined by 40.9% as the Tourism sector was significantly impacted due to the pandemic and the Strategic Investments sector also recorded a decline stemming from the woes of the apparel and printing segments. The revenue generating capacity of the Strategic Investments sector strengthened during the year with the commencement of operations of the waste to energy plant in the third quarter of the financial year.

The other operating income declined by 24.8% largely due to the decrease in foreign exchange gains recorded during the year. The downturn in the Tourism sector resulting in reduced foreign exchange inflows, and lower depreciation of the Rupee against the US Dollar when compared with the previous financial year, contributed to this decrease.

Operating expenses were carefully controlled during the year with a near freeze on discretionary expenses. However, the Group reported an operating loss of Rs. 861.1 million as the losses in the Tourism sector overshadowed the improved performance of non-tourism sectors.

Net finance costs increased by 4.6% due to increased borrowings and the decrease in finance income from the Tourism sector. The share of profit from equity accounted investees increased during the year as the Plantation segment reported a higher profit as a result of the favourable prices of commodities. The loss before tax amounted to Rs.2.8 billion primarily due to the losses of the Tourism Sector.

A review of the quarterly results provides further insights into the dynamics of the Group and its ability to turnaround swiftly with a sustained recovery of the tourism industry. EBITDA of the Group has been positive throughout except during the first quarter of the financial year which was affected by the lockdown in Sri Lanka and the Maldives.

RESILIENT

The Aitken Spence Group through its operations spanning over 150 years has built up considerable financial reserves which provides stability during turbulent times by investing in sectors vital to the economy. The Group has expanded its fixed asset base by investing in large scale pioneering projects in port operations and power generation in Sri Lanka and overseas.

The Tourism Sector accounts for 53.2% of total assets of the Group while the Strategic Investments sector accounts for 33.1% of the Groups total assets through its investments in power generation, apparel manufacture and printing and packaging facilities. During the year the Group commissioned the country's first ever waste to energy power plant which was constructed at a cost of Rs. 13 billion.

The Group adopted a cautious approach to expansion during the year due to expected stresses on cash flows stemming from the impact of the pandemic. Capital expenditure during the year was Rs. 2.3 billion compared to Rs. 9.8 billion in the previous year and was mainly on account of the investments in the power generation segment.

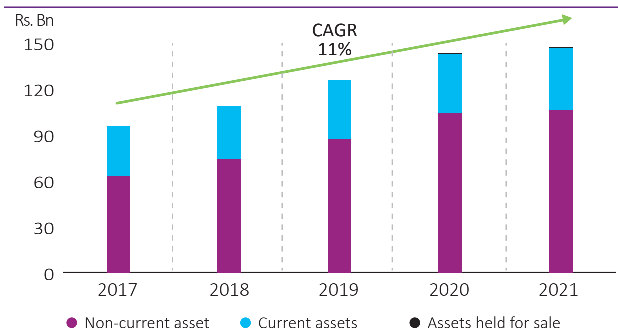
Current assets increased by 5.8% to Rs. 40.0 billion mainly due to the increase in other financial assets which consists of short term deposits and investments in Government securities.

Current liabilities increased by 7.4% and non-current liabilities increased by 12.6% as long term borrowings increased. The current ratio has been maintained in line with the previous year at 1.2 reflecting increased vigilance over working capital and cash flows, as liquidity was a key imperative for all businesses due to the uncertain business landscape. The debt to equity ratio increased from 0.55 in 2020 to 0.66 in 2021 due to increased borrowings and the loss for the year, as equity decreased by 6.5% to Rs. 59.2 billion. However, it remains at a very manageable level with sufficient headroom to increase leverage if the need arises.

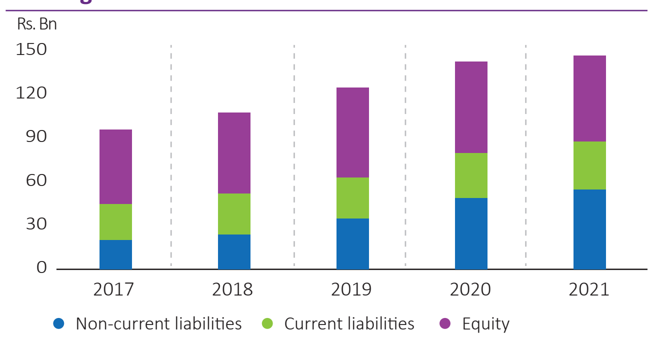
Extracts from Consolidated Statement of Financial Position

As at 31st March	2021 Rs. Mn	2020 Rs. Mn
Non-current assets	**105,731.0**	**103,663.4**
Property, plant and equipment	79,826.3	79,399.6
Right-of-use assets	14,060.4	13,249.7
Investments in equity-accounted investees	7,080.3	6,688.6
Current assets	**40,006.2**	**37,810.9**
Inventories	2,355.1	2,834.6
Trade and other receivables	13,913.3	15,695.5
Other financial assets	13,889.5	10,850.7
Cash and short-term deposits	7,978.9	6,594.3
Assets classified as held for sale	1,243.2	1,189.7
Total Assets	**146,980.4**	**142,664.0**
Total equity attributable to equity holders of the company	49,490.1	50,949.0
Non-controlling interests	9,702.1	12,355.1
Total equity	**59,192.2**	**63,304.1**
Non-current Liabilities	**54,848.1**	**48,689.8**
Interest-bearing loans and borrowings	38,910.5	34,700.4
Current liabilities	**32,940.0**	**30,670.1**
Interest-bearing loans and borrowings	4,114.8	3,357.2
Trade and other payables	12,204.8	13,281.4
Bank overdrafts and other short-term borrowings	15,082.7	12,866.1
Total equity and liabilities	**146,980.4**	**142,664.0**
Net Assets per Share (Rs.)	121.90	125.49
Current ratio (Times)	1.21	1.23
Debt: Equity ratio (Times)	0.66	0.55
Debt: Assets ratio (Times)	0.26	0.24

Total Assets



Funding

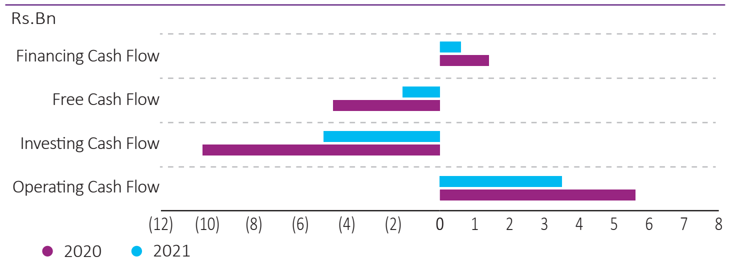


OUR PROVIDERS OF CAPITAL

MANAGING CASH FLOW

Cash generated from operating activities decreased by 38.6% to Rs. 3.6 billion as a result of the operational losses in the Tourism sector. The operational cash flows were also assisted by the debt moratoria granted to the Tourism sector which is reflected by the 52.9% decline in the interest paid by the Group during the year. Control over discretionary spending is reflected in the sharp decline in investing cash flows as safeguarding capital was given priority with the objective of managing uncertainties which may lie ahead. The main component of the investing cash flow is the funds invested for the completion of the waste to energy project.

Cash Flow

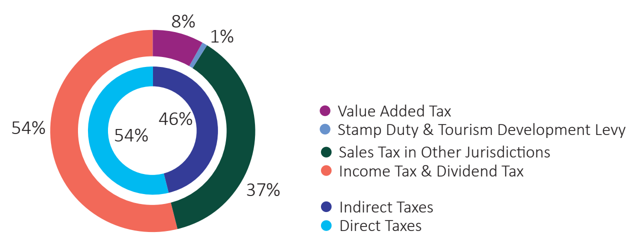


TAXATION

The income tax charge declined significantly due to losses arising from the Tourism sector and the capital allowances for investments. The following charts reflect the impact of taxation on the Group and its contribution to tax revenues. It is noteworthy that the Tourism sector continues to be a key contributor to taxes despite the losses indicating headroom for further relief to this troubled industry across the countries we operate in as the outlook remains uncertain.

Deferred tax for the year is a reversal largely due to the losses arising from Tourism sector and the capital allowances for investments. In addition, with the enactment of the Inland Revenue Amendment Act in Sri Lanka there was an overall reduction in tax rates, which resulted in a reduction of the net deferred tax liabilities recognised in the financial statements.

Taxes Paid to the Governments



Sector wise taxes paid to the Governments

For the year ended 31st March	2021 Rs. Mn	2020 Rs. Mn	2019 Rs. Mn
Tourism	589.1	2,803.9	3,989.1
Maritime & Freight Logistics	687.6	651.9	659.9
Strategic Investments	204.1	302.4	369.5
Service	104.1	141.1	167.9
Group	**1,584.9**	**3,899.3**	**5,186.4**

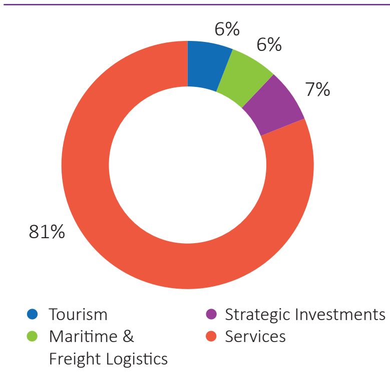
FOREIGN CURRENCY GENERATION

The Group through many of its business activities facilitates the generation of foreign currency to the country. A significant portion of this foreign currency generation is due to the operations in the Tourism sector. However, as a result of the virtual standstill of international travel during the year owing to COVID-19, the foreign currency generated by the Tourism sector declined by 76.1% in comparison with the previous year.

Despite this decline, due to the increase in activity of the Group's money transfer operation which saw an over 40% increase in the remittances handled, the overall foreign currency generation of the Group witnessed an increase over the previous year. The total foreign exchange generated to the country through the operations of the Group amounted to Rs. 48.0 billion of which 81% is owing to the Services sector.

Generation by the Maritime & Freight Logistics and the Strategic Investment sectors was a decline compared to the previous year due to the lower inflows from port operations overseas and the lower export of apparels during the year.

Foreign Currency Generation to the Country

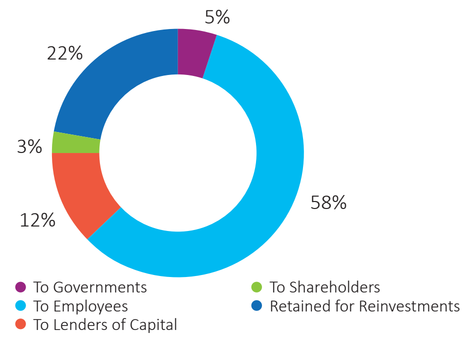


VALUE CREATION

The total value created by the Group during the financial year amounted to Rs. 11.7 billion. This was a 43.9% decline in comparison to the previous year, owing to the significant drop in operational activity in the Tourism sector which led to the 40.9% drop in Group revenue. The largest portion of the value created amounting to 57.7% was distributed amongst the employees.

The distribution to the lenders of capital includes interest paid on loan capital and the portion of profit applicable to the minority equity holders. Since the tourism sector recorded a loss for the year the portion applicable to the minority equity holders of this sector was a negative which resulted in a decline in the value created applicable to the lenders of capital for the year. The Group retained 21.9% or Rs. 2.6 billion of the total value created during the year for future investments while distributing Rs. 606.1 million as taxes and Rs. 406.0 million by way of dividends to shareholders.

Distribution of Total Value Added by the Group 2020/2021



Statement of Value Added

As at 31st March		2020/2021 Rs. Mn		2019/2020 Rs. Mn
Total revenue		31,597.5		53,471.3
Purchase of goods and services		(21,700.9)		(34,466.0)
		9,896.6		19,005.3
Other operating and interest income		1,451.8		1,642.6
Share of profits of equity-accounted investees		375.8		251.5
Total value added by the Group		**11,724.2**		**20,899.3**
Distributed as follows				
To Governments	5.2%	606.1	8.6%	1,803.4
To Employees	57.7%	6,765.6	44.4%	9,269.1
To Lenders of Capital	11.8%	1,384.1	16.1%	3,358.4
To Shareholders	3.5%	406.0	2.4%	507.5
Retained for Reinvestments and future growth	21.9%	2,562.4	28.5%	5,960.9
	100.0%	**11,724.2**	**100.0%**	**20,899.3**

OUR EMPLOYEES

A team of 12,500 employees across 8 countries make up the Spensonian family, connecting all capitals and transforming them in the course of their duties. The Group's employee strategies are implemented by the Group HR Department which is pivotal to nurturing its Human Capital. This year was unique as we navigated an unchartered course, overcoming multiple challenges to redefine the possible.

2020/21 PLANS

- Driving a Culture of Innovation
- Employee Engagement and Communication
- Strategic Governance
- Group's Capability Development
- Change Management
- Talent Optimization
- Agile Workforce

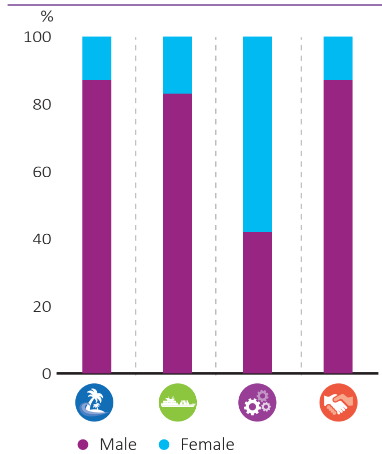
KEY ACHIEVEMENTS

- Job security – zero retrenchments
- Semi-Virtual Mobility (SVM) facilitated 25% of office-based employees to work remotely
- Increased learning coverage to 60% of Executives
- Increased online learning through TARTAN, the Group's Learning Management System
- Activated SpenceLab, intrapreneurship initiative
- Increased employee engagement and retention
- Realigned Group HR Structure

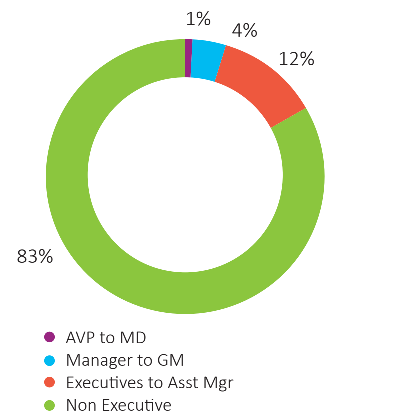
WORKFORCE DEMOGRAPHICS

Country	No. of People
Sri Lanka	11,197
Maldives	538
Fiji	522
India	164
Bangladesh	53
Oman	20
Mozambique	4
Myanmar	2

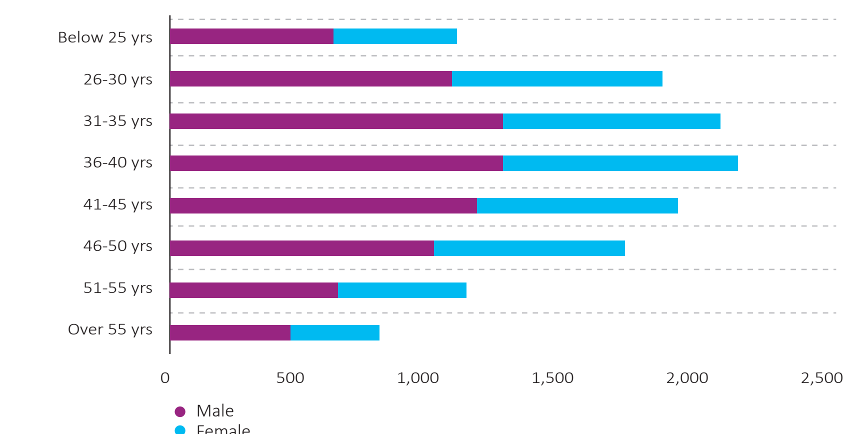
Sector-wise Gender Representation



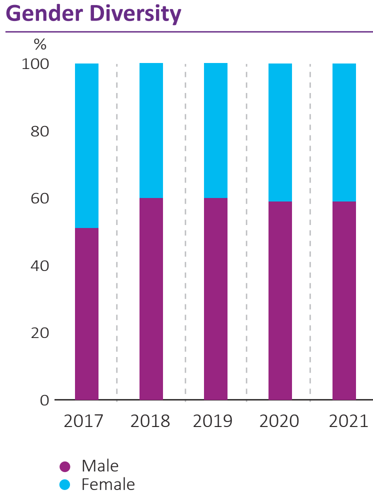
Category wise Employee Representation



Representation by Age & Gender

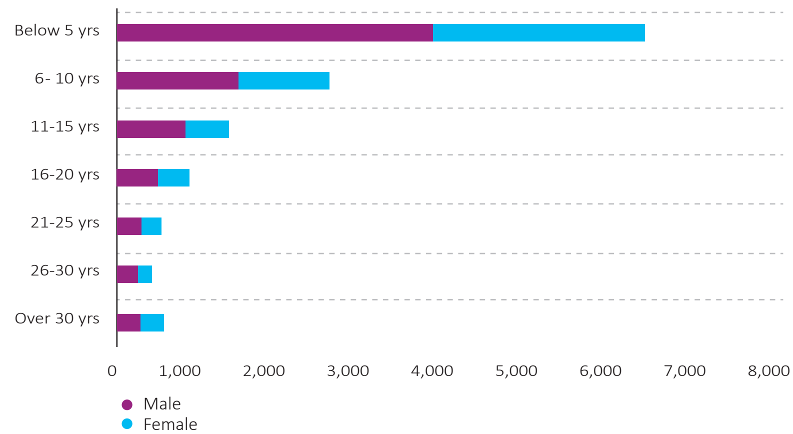


Gender Diversity



GRI 102-8, 405-1

Representation by Tenure & Gender



Sector-wise Representation of Employment Type & Gender

This analysis provides an insight into the diversity of our team and the culture of meritocracy supporting career progression. Our employees have come together as a team to take voluntary pay cuts and the Group provided job security in return as we faced a year of extreme volatility and uncertainty.

GRI GRI 405-1

Physical workstations reduced due to remote working

317

OUR EMPLOYEES

A Structured Approach

The HR Department functions are aligned to Group strategy and a framework of HR policies that clearly sets our principles, processes and expectations for employees as given below.

The Group Chief Human Resources Officer (CHRO) is a member of both the Group Supervisory Board and the Management Council which discuss related matters at its monthly meetings. Additionally, HR related issues are an agenda item at quarterly Sector Committee meetings with the heads of each of the segments.

The HR Committee comprising HR Business Partners of segments is chaired by the CHRO and is a platform for determining progress on overall HR strategy, communicating HR directives, identifying HR challenges faced by the different segments and knowledge sharing.

Group HR provides centralised services in recruitment, talent management, learning & development, compensation & benefits and HR administration for all sectors. Group HR conducts frequent visits to each segment to engage with employees, identify and address HR challenges and concerns.

HR POLICIES

- Code of Ethics and Professional Conduct
- Diversity and Inclusion Policy
- Sexual Harassment Prevention Policy
- Alcohol and Substance Abuse Policy
- Anti-Bribery & Anti-Corruption Policy
- Group Remote Working Policy
- Corporate Gift Policy
- Social Media Policy
- Grievance Handling Policy
- Group Whistle-blowing Policy

HR GOVERNANCE STRUCTURE

CHAIRMAN & BOARD OF DIRECTORS

↓

- Group Supervisory Board (3 Executive Directors + CFO + CHRO)

↓

- Management Council (GSB + Managing Directors of segments)

↓

- Group HR

↓

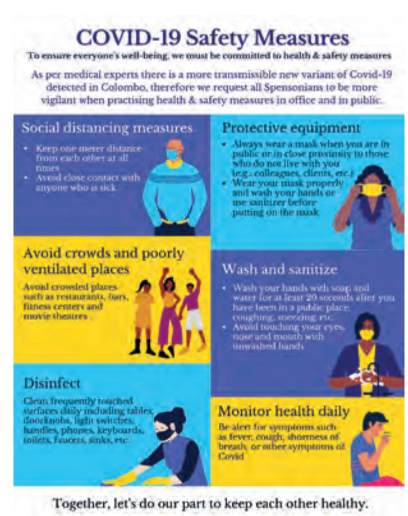
- HR of Segments

A safe place to work

Creating a safe place to work was fundamental to continuing operations as we were conscious that the mere act of coming to work presented a health risk to staff. As a number of our businesses continued to work during lock down, we needed to ensure that health and safety protocols were formulated and implemented to safeguard both the health of the employees and workplace safety. The following initiatives facilitated the creation of safe places to work throughout the Group.

COVID-19 SAFETY MEASURES

- Task force formed to monitor daily updates from segments, identify issues and take remedial action to mitigate risks
- Implementing safety protocols in line with guidelines issued by WHO Sri Lanka and local health authorities at all business locations including sanitisation procedures, reduced team numbers, etc. where deemed necessary
- Company sponsored transport provided to employees who normally use public transport to ensure safety at the workplace and during transit.
- Compiling a COVID-19 Safety Manual for use with information on a variety of potential risk areas, going beyond the workplace to promote safety standards at home to protect employees' families
- Company sponsored PCR tests for employees and arrangements to facilitate testing
- Awareness building campaigns about COVID-19 safety procedures among employees (to date)



In addition, the normal health and safety procedures and monitoring mechanisms were also operational across the Group. Certifications obtained reflect the additional emphasis placed at sector level commensurate to the risks associated with the industry. The injury rates within the Group concerning all employees are given below. All injuries were minor workplace injuries and there were no work-related fatalities during the year.

Adapting to a new norm

From the outset it was clear that we needed to adapt to a new norm, using our technology infrastructure to continue working wherever possible to ensure that essential services and economic activities were supported.

A FUTURE READY WORKFORCE

- Integrating Semi-Virtual Mobility into our office based roles within our businesses where feasible, supported by investments in IT and infrastructure. The Group has reached 25% completion in Phase I which resulted in increased flexibility and work-life balance for Spensonians and has benefited the Group by reducing overhead costs and building an agile workforce. The Group has planned to achieve the Phase II & Phase III targets in 2021/22.
- SpenceLab, under the theme 'Reinvent. Realign. Relaunch.' enthused employees to submit ideas for new products and services, significant process improvements and new ventures. Some of these have already been implemented and there is a strong pipeline of ideas as well. Employees have been recognised and rewarded for their contributions at the Spensonian Convention. A total of 800+ ideas have been submitted during the year in review.
- The tri-annual Spensonian Convention was held using a digital platform with 500+ participants, the highest number for this event. The shift to digital enabled the inclusion of colleagues in India and Maldives as well to this inspiring event.
- Launch of Remote Worker Certification Phase I, 'Essentials for Remote Working', which is an online certification targeted at all executives of the Group to ease the transition to SVM. This provides necessary tools and skills required to face unique challenges and capitalize on opportunities.

INJURY RATES 2020/2021

	No of Injuries	Lost Days
	6	30
	28	277
	18	25
	2	10

GRI 403-2

SPENCELAB IDEAS SUBMITTED

New Products/Services
319

New Ventures
256

Significant Process Improvements
252

OUR EMPLOYEES

Caring for Spensonians

The year presented many challenges for employees which ranged from job security, ability to reach their homes from overseas locations to more trivial issues such as travelling and purchasing groceries. Leaders of businesses at various locations stepped up to ensure the well-being of their staff and the list below captures a few of these tales that strengthen their bonds of loyalty to the Spensonian family.

- ***Ensuring reach for employees:*** The HR Business Partners of the Group ventured beyond their current roles to be accessible to employees during these tough times; from arranging curfew passes, staff transport, facilitating and organising PCR testing to engaging employees and encouraging them to voice any concerns through structured mechanisms enabled by the Group. In addition, employees in sectors/geographical locations that were deeply affected received relief packages sponsored by the segments consisting of essential items. Families of the employees in severely affected areas were also supported by the respective segments during the lockdown and arrangements were made to ensure their well-being and safety.
- ***Ensuring job security:*** Despite the anticipated losses from various sectors, the Group provided assurance to employees about their jobs.
- ***Repatriation of employees from overseas locations:*** The HR Business Partners of the segments ensured that families were kept informed of the progress on repatriation of employees from locations such as the Maldives when flights were difficult to find. The hotel segment worked with the Aviation & Travel segments to ensure the safe arrival of all employees who wished to return home.
- ***Telemedicine Benefit:*** A telemedicine app was also a benefit that Executive staff utilised especially during the pandemic when visiting hospitals was not advised. Especially during the lockdown, employees were able to consult a general physician or specialist via the app from the comfort and safety of their own homes while adhering to curfew guidelines. The benefit was also extended to the family members of the employees.
- ***Mental well-being programmes:*** Employees were also given the opportunity to participate for mental well-being programmes conducted by industry specialists during the COVID-19 lockdown. Since mental well-being was of utmost importance, especially since employees were in a long period of isolation, local and foreign specialists were invited to conduct special virtual sessions on how to maintain mental health and well-being.

GRI
GRI 102-43

Engaging our teams

Engagement initiatives were revamped to increase employee participation and engagement. Some of the initiatives over the year in review are mentioned below.

#Resilient WeConquer Initiative

Motivational tips covering a range of areas such as financial discipline, motivation and well-being to manage the lockdown.

#Resilient Spensonians, #Resilient Teams Initiative

Campaigns to promote employee engagement were launched by the respective segments

Spensonian Office Diaries

Video featuring employees and how they kept themselves engaged during the lockdown

Group Health & Safety Manual

A manual with all health & safety guidelines for employees who were returning to work post-lockdown

Educating Employees on WHO Directives

Initiative to keep employees informed of all WHO Sri Lanka health and safety directives

Other engagement activities

DIGITAL ACE MAGAZINE

An English digital publication circulated tri-annually to inform employees of new projects, achievements and awards. Special issue titled #ResilientSpensonians was circulated post-lockdown recognizing all the efforts made by segments to increase employee engagement during the COVID-19 lockdown. The special issue also featured stories from different segments on how they coped with being frontline workers, helping staff in need of essential goods and also L&D efforts to engage employees and ensure they were able to spend their time with self-improvement activities.

DIGITAL ATHWELA NEWSLETTER

The revamped Athwela Newsletter introduced during the year in review to heighten engagement. This is the Sinhala newsletter circulated monthly to ensure that all employees are aware of Group-wide activities.

COMMEMORATING INTERNATIONAL DAYS

Celebrated all related International Days (e.g. International Day of the Girl Child, Women's Day, World Habitat Day, World Water Day, etc.)

SPENSONIAN ePOLA

Due to the pandemic many activities took on a new format. The Spensonian Pola, where employees were given a platform to showcase their handmade products, was given a digital re-launch and handmade products of our employees were featured in the first ever Spensonian ePola where employees showcased their products via MS Teams to their colleagues.

WOMEN'S DAY INITIATIVES

Connected to the 2021 Women's Day theme, #ChooseToChallenge, the Raise a Hand Campaign was launched to engage employees throughout the month of March. In addition, the Group also launched a campaign where Spensonians shared their stories about the inspirational women in their lives. Segments celebrated as well with COVID-19 restrictions at the forefront. Commemorative badge was also distributed to the ladies of the Group on 8th March.

WEEKLY COMMUNIQUES

A weekly communication plan was launched featuring the following interactive initiatives: MotivationMonday (focusing on success stories of Spensonians and well-known personalities), WellnessWednesday (wellness tips), FridayVibes (tips on how to enjoy your weekend with family, etc.) campaigns on employee performance (performance evaluation tips, conducting performance reviews, giving performance feedback, etc.), Semi-Virtual Mobility (employee testimonials and tips on remote working) and 'Inspire to Innovate' series (promoting innovative thinking).

7S+ AWARDS 2020

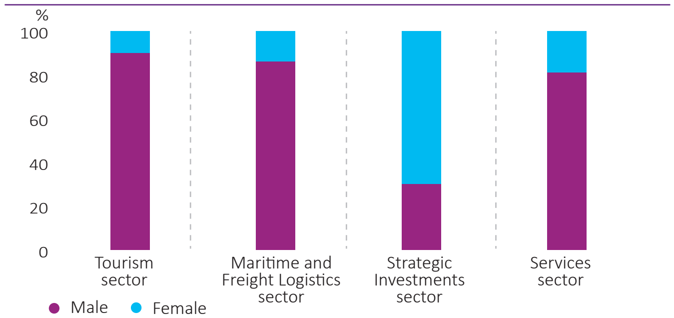
The winners of the 7S+ Awards 2020 were also awarded at the first digital Spensonian Convention where the segments practicing the best 7S practices were rewarded and recognized.

OUR EMPLOYEES

A Preferred Employer

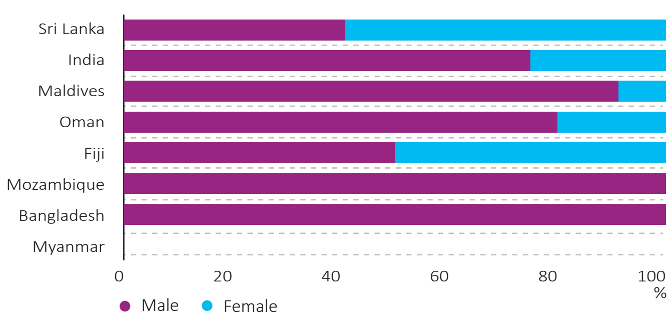
As an equal opportunity employer with a reputation for developing employable skills we are able to reach and attract promising talent in the job market. Structured processes including written tests and interviews support recruitment of people who meet the criteria for the vacancies as well as the Group's culture and values.

New Hires: Sector & Gender Analysis

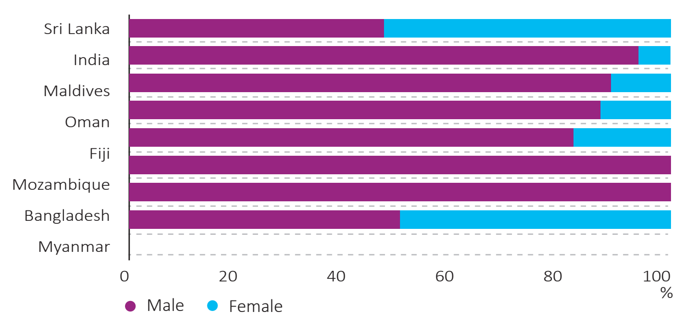


Resignation: Sector & Gender Analysis

New Hires: Region & Gender Analysis



Resignation: Region & Gender Analysis



All new employees receive a letter of appointment setting out the terms and conditions of employment. Terms and conditions are frequently revisited to accommodate the necessary changes. Some segments have trade unions with whom collective agreements have been signed to maintain a harmonious relationship. The minimum notice period given to employees regarding operational changes was one month in this regard. The Group's Code of Ethics and Professional Conduct was incorporated into the Group's online learning platform and intranet portal and all Executive employees have acknowledged reviewing the module on this platform.

The Group attrition rate was 21% (2019/20 – 28%), mainly attributable to the initiatives we have taken for retaining employees and a conducive organisational culture.

GRI 407-1, 408-1, 409-1, 410-1

- Over 50% of the Group's employees are covered through collective agreements. Cordial relations have been maintained with 54 trade unions across the Group.
- With the support and guidance of the Group's HR Business Partners, the Group's Sustainability Team also reviews operational procedures, as well as suppliers and service providers, on human rights at the workplace through structured internal reviews for social and environmental governance aligned to the Group's integrated sustainability policy. These reviews include compliance to laws and regulations on labour standards, such as the Factories Ordinance, Shop and Office Act, and the Employment of Women, Young Persons and Children Act.
- All security personnel at Aitken Spence Towers and those responsible for security (so that they in turn can train security personnel) in other locations are trained on the Group's human rights policies and procedures. The Group is currently working with the Employers Federation of Ceylon to enhance this training module.

Rewards, Recognition & Benefits

Employee rewards, recognition and benefits are key components of the employee value proposition as they are among the most attractive in the country due to the diversity of the Group.

Career & Succession

Performance appraisals plays a key role in the development of our people as it provides feedback on performance, identifies training requirements and provides a basis for determining remuneration. Performance appraisals are conducted bi-annually. High performers are formally identified through the performance management system and rewarded through variable pay linked to both individual and segment performance.

Succession planning is a vital component of the Group's long-term growth aspirations. For critical leadership positions potential successors are identified and groomed proactively.

REWARDS

- Performance based rewards
- Long service awards (25 years of being a Spensonian)
- SpenceLab – awards for innovative ideas

EMPLOYEE BENEFITS

- Reimbursement of medical bills
- Health insurance
- Telemedicine facility
- Creche facility for plantation workers
- Supporting continuous professional development
- Annual subscriptions for professional memberships
- Aitken Spence sports and welfare society
- Housing loans at concessionary rates
- Free holiday vouchers at Aitken Spence Hotels
- Holiday bungalows for executives
- Wedding gifts
- Death donations






OUR EMPLOYEES

Learning & Development

The Group has a comprehensive Learning & Development model which supports the business strategy and drives employee capability development as determined by the senior management of the Group. The Aitken Spence School of Management (ASSM) drives the Group-wide learning initiatives while the segments also have specialised training programmes in place, particularly for non-executive staff.

Aitken Spence School of Management's learning reach increased from 30% to 60% of employees this year through multiple learning interventions.

The objectives and the structure of ASSM are given below.

AITKEN SPENCE SCHOOL OF MANAGEMENT

Objectives

Facilitating People Development
Flexible, relevant learning opportunities for all employees

Supporting the Leadership
Facilitating management & leadership development programmes

Creating a Supportive Learning Culture
Structures and cultures that facilitate learning

ASSM Talent Development Model

Individual Development
These programmes are primarily focused on the development of various competencies of individuals, which in return, will enhance their soft and behavioral skills to perform the job role effectively and to grow professionally

Managerial Development
These programmes will enable the participants to understand the various aspects of leadership, management and will provide tools and insights to think strategically

Organisational Development
Focus of these programmes is to provide information on the organisational processes and build the capabilities of the employees by understanding the systems and procedures

Professional Development
These programmes will support the continuous learning process of employees and will enable them to face the career development challenges

Services

- E-LEARNING SOLUTIONS VIA TARTAN
- TRAINING NEEDS ANALYSIS
- SOFT SKILLS TRAINING PROGRAMMES
- CUSTOMISED TRAINING
- OVERSEAS TRAINING COORDINATION
- SPECIAL LEARNING ADVISORY SERVICES
- PERFORMANCE COACHING

New Initiatives launched in 2020/21

Remote Worker Certification Phase I – Essentials for Remote Working
An online certification targeted at all executives of the Group to ease the transition to Remote Working and providing necessary tools and skill sets required to face the unique challenges and opportunities brought forward by Remote Working.

Aitken Spence School of Management Trainer Corps
An internal team comprising of employees of Aitken Spence PLC who will share their knowledge as corporate training partners. A way of sharing tacit knowledge and increasing intellectual capital.

Weekly "Power Learning" Sessions
A new format of online training/knowledge sharing programmes with a duration of 15 – 30 minutes.

Self-Learning Supplements
Weekly self-learning supplements are shared with Spensonians on topics pertinent to self development and encourage a continuous learning culture

TARTAN, our online learning platform, launched in 2019 enabled us to sustain training and increase coverage despite the lockdown during the year. The investment in learning and development activities amounted to Rs. 5.7mn during the year translating into 62,192 hours of learning for 32,568 participants who attended the programmes. The average training hours per employee was 5 hours.

Employee Training Hours

	Non- Executive	Executives to Asst Mgr	Manager to GM	AVP to MD
Tourism	24,074	11,510	3,675	1,488
Maritime & Freight Logistics	2,677	1,049	491	82
Strategic Investments	9,904	3,616	1,194	118
Services	30	1,631	610	43
Group	36,685	17,806	5,970	1,731

GRI 404-1

Equal Opportunity

Aitken Spence Group is an equal opportunity employer with a workforce that celebrates diversity. In the midst of cultural and social challenges we strive to maintain gender parity in recruitments. Our policies to create a supportive environment with work-life balance has led to more than 41% of the Corporate team being females while female recruitments stood at 32% during the year. The ratio of the basic salary and remuneration of women to men for all employees remained 1:1 and the Group compensated its employees above the minimum wage requirement.

GRI 202-2

There were no incidents of discrimination reported during the year. We do however have in place policies to address, mediate and manage incidents related to grievances and discrimination.

We do not condone or engage child labour or forced/compulsory labour.

Parental leave numbers

	Male*	Female
Total number of employees entitled to parental leave	969	3,043
Total number of employees that took parental leave during the year	23	201
Number of employees that returned to work after parental leave during the period	23	57
Number of employees that returned after parental leave still employed after 12 months of their return	18	40
Return to work rate (%)	100	28
Retention rate (%)	78	20

**Paternal leave is granted only for employees in Maldives where it is a requirement by law.*

GRI 401-3

Diversity within the Group's Governing Bodies

	Male	Female
Main Board	8	1
Group Supervisory Board	3	2
Management Council	15	3

GRI 405-1a

Diversity by Employment Category

	Gender Ratio	Non Executive	Executives to Asst Mgr	Manager to GM	AVP to MD
Tourism	7:1	2,074	593	216	21
Maritime & Freight Logistics	5:1	1,045	480	119	14
Strategic Investments	0.7:1	7,206	358	94	17
Services	7:1	122	118	18	5

GRI 406 - 4b

OUR CUSTOMERS

The common thread that binds the diversity of Aitken Spence is the extra mile that we go to ensure that our customers' requirements are fulfilled. In a chaotic year, safety of our customers was a priority in all our operations.

FOR OUR CUSTOMERS

36,294 tours and excursions handled
227,703 guest nights
2,840 room inventories owned and managed

910,567 total TEUs handled
13,939 student registrations at CINEC campus
404,302 sq.ft. of warehouse capacity available
22 acres container storage space

491 GWh electricity generated
4,451 tonnes of tea produced
643 tonnes of rubber produced
7.4 Mn of apparel and PPE produced

598,890 inward remittances handled
46% direct to bank transactions out of inward remittances
195,784 sq.ft. commercial office space managed
1,731 elevators maintained

Caring for Customers in the Pandemic

In the immediate aftermath of the lockdown in March 2021, there were guests at our hotels and travelers who were stranded in the island till safe passage could be arranged to return home. Our Spensonians ensured their safety and well-being despite all limitations till their safe passage was confirmed.

Health and safety concerns, national and localised lockdowns, and travel restrictions characterized the COVID-19 pandemic.

Contactless operations and innovative products were introduced to ensure the continuity of services and to meet changing customer needs.

One of the key segments initially affected due to the pandemic was our Apparel segment. In the first quarter of the year, reputed clothing brands cancelled orders, pushed back deliveries, and requested longer settlement periods. Although this situation posed numerous challenges for us, the segment was able to satisfy customer requirements and ensure continuation of the business vertical.

ELEVATORS

The elevators segment introduced products with touchless control panels, air purification systems and voice announcements on safety measure for COVID-19.

Watch our promotional video on the official social media page of Aitken Spence Elevators

https://fb.watch/5pT5mzzkSZ/
or scan QR code.

PLANTATIONS

For the first time in the history of the tea industry in Sri Lanka, the tea auction was moved online. The plantations segment participated in online tea auctions to cater to buyers during the pandemic whilst continuing uninterrupted operations in estates.

EXPRESS

The express segment launched Asendia, a cross border postal system for e-commerce customers. The segment also implemented a system, unique in the industry, that enables customers to access all services such as domestic and international courier, supply chain and cross border mail through one portal with end-to-end tracking.

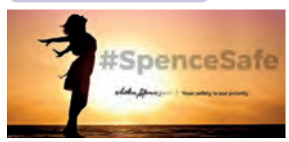
MONEY TRANSFER

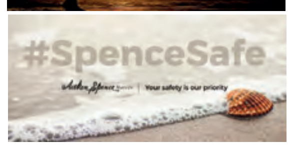
The Money Transfer Services segment implemented a cash to door delivery service for their customers' during the first wave of the COVID-19 pandemic in Sri Lanka.

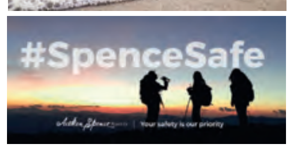
PRINTING

The printing segment adapted to customer requirements that arose due to COVID-19 and delivered within urgent deadlines. Special services were provided to the customers working from home by delivery of documentation to their doorstep.

'SPENCESAFE'







To ensure the safety of Hotel guests, visitors and staff at resorts, a 'SpenceSafe' team was formed and a COVID-19 Standard Operating Procedure (SOP) implemented in all four countries. Furthermore, the overseas hotels segment improved/introduced options such as online check in, QR coded menu cards and providing PPE kits and sanitisers freely for hotel guests.

For more details

https://www.aitkenspencehotels.com/spencesafe

MARITIME & FREIGHT LOGISTICS SECTOR

The Maritime & Freight Logistics sector provided uninterrupted service throughout the pandemic. To facilitate contactless operations, payments and delivery orders were processed online. The segment also facilitated delivery of cargo and granting demurrage waivers in consultation with principals. For a video of how Aitken Spence Logistics successfully managed operations, refer to this link. https://fb.watch/5q4ecztSIn/ or scan QR code.

OUR CUSTOMERS

Health and Safety

Operating in the midst of a global pandemic, we have strictly adhered to all health and safety protocols issued by the respective governments in the countries we operate in, ensuring our customers' health and safety is not compromised.

- Implementation of health and safety measures across the Group as recommended by the health authorities
- Awareness programmes on safety measures conducted for both guests and employees
- Use of recommended personal protective equipment (PPE) for guests and staff
- Hand sanitisers available freely at offices, sites and hotels for our customers/guests
- Safe conveyance of guests in the Tourism sector in sanitised vehicles

Service Excellence

Satisfying customers is underpinned by our service excellence, that goes above and beyond our customers' expectations. Customer feedback and the awards and accolades received by the Group are a testament of our commitment to service excellence.

EXCELLENCE IN RESPONSIBLE PRODUCTION

The apparel segment was awarded the Ceylon National Chamber of Industries national merit award for 2021 in recognition of achievements in the manufacturing sector. The segment also aligns their manufacturing practices to global standards for responsible production.

Ranked among the Top Three Conglomerate Brands in the **LMD Brands Annual 2020**

LUXURY LIFESTYLE AWARDS 2021

Our hotels in the Maldives and Oman were recognized at the Luxury Lifestyle Awards 2021 for outstanding performance.

SRI LANKA PRINT 2020

The printing segment was recognized at the 'Sri Lanka Print 2020' organised by the Sri Lanka Association of Printers for quality of products and services.

BEST CUSTOMER SERVICE PROVIDER

Hapag-Lloyd Lanka was awarded the Best Customer Service Provider for the Europe Trade by the Institute of Chartered Shipbrokers (UK) – Sri Lanka Branch.

SUSTAINABLE PLANTATION MANAGEMENT

The plantations segment was awarded the Sustainable Plantation Management Award presented by National Institute of Plantation Management (N.I.P.M)

SPENCEWAY SERVICE EXCELLENCE SURVEY

Aitken Spence relaunched the SpenceWay Service Excellence Survey in view of enhancing the customer experience and loyalty of stakeholders across the Group. The purpose of the independent survey conducted by Group HR was to obtain feedback from key clients of all sectors and segments across the Group. The survey is intended to be carried out on a quarterly basis.

The Group aligns operations to international benchmarks to ensure our customers receive the best possible service, while enabling the most sustainable outcome for the environment and communities we work in. The Group maintains over 140 diverse management systems for quality, food safety, product responsibility, occupational health & safety and environmental impact control.

Please refer to the website for a full list of certifications as well as industry affiliations and memberships maintained by the Group and our subsidiaries aitkenspence.com/sustainability

MANAGEMENT SYSTEMS MAINTAINED BY THE GROUP TO ACHIEVE SERVICE EXCELLENCE

FOOD SAFETY

14 Food safety systems meeting ISO 22000/ HACCP: 2005 requirements implemented at our hotel properties and tea factories

OHS procedures aligned to meet OHSAS 18001: 2007 and ISO 45001:2018 requirements with several systems certified.

HIGH QUALITY

Quality management systems meeting ISO 9001: 2015 requirements are established at many of our service operations.

Energy management systems implemented in line with the ISO 50001:2011 standard.

Environmental impact control through 40+ environmental management systems

Rainforest Alliance certified management systems adopted in the upcountry estates

Integrated systems implemented managing compliance, quality, as well as social & environmental governance across multiple operations

Forest Stewardship Council (FSC) standards applied in the management of low country estates. FSC Chain of Custody Certification obtained by the printing segment.

OUR CUSTOMERS

Compliance

We have complied with all laws and regulations during the year as well as performance in line with benchmarks and standards we have endorsed voluntarily.

GRI Standard	Requirement	2020/21
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
GRI 417-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	None
GRI 417-3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	None
GRI 418-1	Total number of substantiated complaints received concerning breaches of customer privacy	None
G4-PR9	Total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Zero

TESTIMONIALS FROM OUR CUSTOMERS

Aitken Spence Travels

May 2020

Attention Roney,

This is to thank you very much for your very professional handling my travel arrangements and for my return from London to Colombo on 16 March.

I traveled to London on Polish airlines on the 29 February. My return was scheduled for the 15 March. But on the 14 March Polish airlines stopped all the flights into London. I want to thank you for your professionalism on 15 March when I gave you a desperate call from London within two hours you booked me on the Emirates flight for the 16th.

You can be guaranteed that I would be ticketing through Aitken Spence Travels also in the future through you.

Thanking you,
Suresh Weerasuriya
Managing director
Goldi Sands hotel, Negombo

Aitken Spence Travels

March 2021

Dear Anushi,

Once again, I am really thankful for your service provided.

I thought of sending you an email as an appreciation in regard to the service which you provided myself with all the necessary information/data and immigration rules and regulations in the country of Congo. The best thing and which was attracted about your service was when you informed myself prior going ahead with the booking you told me “let me go ahead cross check all the immigration rules and regulations with congo so that the passenger will not face in any difficult situations” and also you informed me that “our passengers are important to us and we cross check each and every regulations with the necessary departments to make sure our passengers are safe and ready to flight”. As we had the conversations many times in regard to the booking, I remember that you informed me that you do not want any of the passengers getting stuck halfway through for any reason in this pandemic.

I really do appreciate your service provided on behalf of Aitken Spence and you could do better business and be a trustworthy, reliable agent, and as well you are an asset to the company for bringing in sales.

I will be definitely contacting you in future and as well as you know I will be flying frequently since I work for the UN.

Best Regards,
Kushan Sooriyabandara

Aitken Spence Hotels

Heritance Ahungalla – January 2021

Was a great experience. Me and my husband loved every single detail of the service. During this pandemic I wanted to be in a safer hand. And from the check-in they were very peculiar about the COVID-19 safety protocols. And the room was disinfected before the arrival and there was no delay. Staff was friendly and they'd always welcome every guest with a pleasant smile. Room was clean, comfortable and cozy. Food was top notch during this pandemic in our country. Best place we've visited so far with offers. Will Recommend to anyone who's willing to have a comfortable and happy stay.

Ru- TBANA

Aitken Spence Hotels

Heritance Aarah- October 2020

We were on the island when COVID-19 started. When we arrived, the island was already half empty and the number of guests decreased with each passing day, at the end of our stay we were still 12 guests. Despite these difficult and uncertain times, the service, quality and selection remained excellent until the very end! They did it really well! Heritance is a beautiful island with good quality restaurants. During our stay the 1-year anniversary was celebrated, so a pretty new island. We had a beach villa, and it was spacious and very clean. The staff was extremely friendly, and the food was delicious! All in all, a wonderful and recommendable stay. We visit a new island every year and this is definitely one of the top islands!

sunlover1907 from Switzerland

Money Transfer Services

පවතින කොවිඩ් වසංගත තත්වය හමුවේ පිටරට සිට එවන ලද මුදල් ලබාගැනීමට නොහැකිව සිටි අවස්ථාවක. *MMBL Money Transfer (Pvt) Ltd* ආයතනය විසින් ඉදිරිපත්ව, පීඩාවට පත්ව සිටි අප නිවසටම අවශ්‍ය මොහොතේ මුදල් රැගෙනවිත් ලබාදීමට කටයුතු කරන ලදී. එය එම මොහොතේ අප හට මහත් උපකාරයක් වූ බව ස්තුති පූර්වකව සිහිපත් කරමු.

Ms. Mariyam Nahudha, Dehiwela

நாட்டின் இடர்கால பகுதியிலும் சிறந்த சேவை!

கொவிட் 19 பெருந்தொற்று காரணமாக நாடு முழுவதும் முடக்கப்பட்டு இருந்த வேளையிலும்கூட எனது அத்தியாவசிய தேவைக்காக வெளிநாட்டிலிருந்து அனுப்பப்பட்ட பணத்தினை எனது வீட்டிற்கே கொண்டு வந்து விநியோகம் செய்த *MMBL Money Master* இன் துணைப்பிரதிநிதியான *Sangeetha Agent* இன் சேவையினை நான் மிகவும் நன்றியுடன் பாராட்டுகின்றேன்.

Miss. Celasteen Saminathan, Jaffna

OUR BUSINESS PARTNERS

Amidst the humanitarian and economic devastation caused by the COVID-19 pandemic, the importance of long standing, trusted partnerships emerged as a powerful tool for business survival. The Group's business partners provided much needed support to each other during the darkest days of the pandemic despite being individually affected. The synergy that was brought through the combined efforts of all enabled us to navigate successfully towards safe harbours, our partnerships emerging stronger through the crisis.

Mutual growth and creating value for our business partners, including equity partners, principals, and suppliers, have shaped and reinforced our long-standing relationships and has enabled us to forge and nurture many new strategic alliances along the way. Aitken Spence which commenced over 150 years ago from one such partnership has forged ahead throughout its history with steadfast commitment to these relationships.

EQUITY PARTNERSHIPS

We maintain many equity partnerships with trusted partners who are accounted as equity investees. These partners derive value through dividends and the growth of these ventures. Most of these relationships started out as agency relationships and their maturity to equity partners reflects the strengthening relationships and trust placed in Aitken Spence.

PRINCIPALS

Our Group represents a number of global businesses in Sri Lanka and other countries, taking care of their interests. Long standing agencies bear testimony to our good faith and professional representation of their businesses.

SUPPLIERS

Reliable suppliers support the smooth operation of our businesses with on time delivery of goods and services which meet our high standards. We seek to share our journey with these business partners, paving the way for mutual growth.

VALUE CREATED FOR SUPPLIERS

- Building supplier standards through education and communication of our priorities
- Certifications that build confidence in our social and environmental sustainability processes
- Supplier commitments met on a timely and satisfactory basis

Total payments made to suppliers

over Rs. 20 Bn

VALUE CREATED FOR PRINCIPALS AND EQUITY PARTNERS

- Understanding our partners' and principals' requirements
- Compliance with standards set by our principals and equity partners
- Long standing relationships fostered through trust, service excellence and mutual growth

Dividends paid to equity partners

Rs. 828.7 Mn

OUR VALUE PROPOSITION

- SHARED VALUES
- FAIR PLAY
- TIMELY PAYMENTS
- SHARED GROWTH

STRONG BONDS AND STRATEGIC PARTNERSHIPS

Professionalism and service excellence underpinned by trust has defined our relationships with business partners that have stood the test of time. Long standing relationships with world renowned agencies, growth, and maturity of some of these relationships into equity partners, are a testament to the value our business partners have placed in the services we provide.

LLOYD'S – Agents since 1876

OTIS – Equity partner since 1989

RIU HOTELS & RESORTS – JV partner

FIJI PORTS – First Sri Lankan company to venture into a Public Private Partnership overseas through the equity holding in Fiji Ports Terminal Ltd. and Fiji Ports Corporation Ltd.

DEG KFW BANKENGRUPPE – Financier and equity partner

TUI – Representing one of the world's largest destination management companies for over 40 Years and JV partners since 2004.

SINGAPORE AIRLINES – the longest standing GSA representation in the Singapore Airlines network (since 1974).

WESTERN UNION MONEY TRANSFER – Representing Western Union since 2006

QATAR AIRWAYS | CARGO – GSA for Qatar Airways (Cargo) Since 2011

DB SCHENKER – Representatives in Sri Lanka and the Maldives since 2015

Emirates Holidays – Representing Emirates Holidays Since 2014

The relationships we have formed and maintained reflect the values we strive to uphold

OUR BUSINESS PARTNERS

Processes that support partnerships/relationships

Equity Partners/Principals

The benchmarks adopted by our equity partners and principals extend to our operations and has strengthened the operating standards and stringent quality standards we follow in the services we provide. Periodical audits are performed by our principals on our processes and practices. In challenging times such as the present, as we work to overcome the challenges posed by a global pandemic, our principals expected us to be accessible, agile, and proactive in decision making and supported us by being accommodative and granting certain concessions and flexibility.

Elevator Agency

OTIS Elevators' stringent safety standards extend to our subcontractors. As the elevators segment ensured all staff members and suppliers followed stringent safety protocols as they continued their services in spite of the lockdown

Money Transfer Services

Our agents are part of the supply chain and provide an essential service by enabling access to finances for crucial members in our community. Growing through the challenges Sri Lanka faced in the last couple of years, the money transfer segment obtained approval from the Central Bank to visit expatriate construction workers etc. on site to facilitate legal money transfers.

Apparel and Plantations

In the apparel and plantation segments where we become the suppliers of our customers, there is increased scrutiny and expectation to elevate social conditions of workers, as well as ensuring environmental sustainability. Certifications such as WRAP and Rainforest Alliance Certification ensures processes are in place to meet these expectations. These benchmarks were a strength as strengthening safety procedures became an easy process.

Our long-standing relationship with one of the largest destination management companies in the world has provided a plethora of opportunities for the tourism industry in Sri Lanka by positioning Sri Lanka as a destination in their network. In the past, our destination management segment has accounted for the highest tourist arrivals to the country. Our relationship with TUI has truly stood the test of time and provided opportunities for Sri Lanka yet again by exploring new markets in Eastern Europe. Chartering flights from Kazakhstan, our destination management segment accounted for the highest tourist arrivals yet again, even while operating within the 'bio bubble'. Needless to say, the exemplary benchmarks of our JV partner towards ensuring responsible tourism were followed especially during this time.

NEW PARTNERSHIPS FORMED

FIJI AIRWAYS

ria Money Transfer

MoneyGram money transfer

Representing Ria and MoneyGram money transfer services in Sri Lanka

FLY SMART go

Jazeera الجزيرة

simleisure

JV signed in 2020 between Sim Leisure Group Ltd. and Elpitiya Plantations PLC to construct and operate a world class 'Escape' brand adventure park in the Southern province of Sri Lanka.

ASENDIA BY LA POSTE & SWISS POST

Agency representation since 2020

SETMIL GROUP

JV partnership with Setmil Group to provide marine related services.

Suppliers

We are committed to strengthen economies and provide sustainable products and services to customers by nurturing mutually beneficial, long-term relationships with our suppliers. Even as the COVID-19 pandemic disrupted our businesses we successfully honoured our commitment to suppliers, ensuring timely payments and continuation of services.

Our efforts to strengthen our supply chains have not wavered; Our efforts strive to support and encourage suppliers to also commit to the same core values of Aitken Spence, thereby creating a partnership of shared responsibility and commitment to doing good business with integrity and accountability. Policy driven procedures are in place to screen suppliers on social, environmental and compliance requirements while also extending them the support to develop capabilities to meet our requirements and customer expectations. We do this by cascading our screening process and engaging with suppliers for training and awareness building. For example, while we screen suppliers on accepted behaviours for ecosystem conservation, we also engage with jeep drivers in all national parks in Sri Lanka as well as our tour guides and chauffeur guides to educate them on accepted behaviours for ecosystem conservation.

Support extended to SMEs

- Outsourcing of washing, embroidery and printing processes by the apparel segment to SMEs
- The plantations segment conducted awareness programmes for bought leaf suppliers on maintaining quality of green leaf, for firewood suppliers on the quality of firewood and on EMS with all suppliers to comply with environmental standards of the Group
- The insurance segment engaged the services of supervisors from the North and East during the pandemic and is committed to continue with this initiative

Support extended to microentrepreneurs

- The apparel segment outsourced supporting services such as canteen, transport etc. to microentreprenuers
- Maldives hotels segment purchased seafood, local fruits & vegetables, bread and natural cadjan from 'Male' from microentreprenuers
- In the plantations segment cooperative franchise shops were strengthened, soft loan facilities introduced through the cooperative society to improve income and self-employment purposes

Supporting and encouraging our suppliers to commit to the same core values of the Group is important to create partnerships of shared responsibility in doing good business. The Group's sustainability framework has guided each segment to evaluate its key suppliers, especially in terms of social and environmental performance. Our companies have processes in place to evaluate, educate and screen suppliers on environmental and social impacts. It is important that we maintain these standards, especially now with heightened requirements for safety protocols, as we rise out of this crisis to ensure we emerge stronger and better and without drawbacks in how we operate together.

The processes that support our partnerships/ relationships with equity partners and principals are discussed in the 'Stakeholders' section of the Sector Reviews.

Launching Sri Lanka's first waste to energy power plant in the midst of a global pandemic is a true testament to the strength of our relationships with local and global suppliers and service providers. All safety precautions as well as social and environmental governance benchmarks established by investors were maintained regardless of the circumstances we worked with.

OUR BUSINESS PARTNERS

Number of suppliers evaluated on social and environmental criteria to date	1,400	1,200	826	79

PROPORTION OF SPENDING ON LOCAL SUPPLIERS

Over 75% of the produce and other resources are sourced from the immediate community within 35 to 45km radius of our hotel properties in Sri Lanka. Almost 100% of the safari vehicles and 30% of the tour guides in the destination management operation are local service providers.

In the process of recovering from the pandemic, we have maintained our commitment to extend opportunities to local service providers

Over 25% of tea leaves and more than 60% of general resources required for the estates are sourced from local growers/ planters and service providers, respectively.

The segment embraced a network of about 50 local cinnamon farmers who had been abandoned by their previous buyer and invested in maintaining their organic cultivation license to encourage sustainable cultivation practices.

Over the years our subsidiaries, especially segments with local purchasing policies, have worked with their supply chain to develop suppliers and service providers to meet Group requirements for both quality and environmental governance. Group level mechanisms are in place to evaluate and educate suppliers on social and environmental governance. Several segments have already incorporated social and governance clauses in supplier contracts going beyond Group benchmarks, while other segments are still in the process of educating suppliers and service providers on Group sustainability priorities.

We engage with more than 130 diverse industry organisations and institutions associated through our memberships, and affiliations. Our relationships also include over 200 schools and community institutions and over 30,000 individuals that directly connect with Aitken Spence through diverse channels of engagement and development opportunities.

We also use these engagements to inculcate a culture of social, environmental, and economic sustainability through our communities that become our partners in business through our local purchasing policies. Engaging with these stakeholders during the pandemic was a challenge. For this reason, ensuring payments were made on time to suppliers and service providers was another priority for the company. Strategies adopted in the aftermath of the lockdown included working with local suppliers where possible to channel economic opportunities to local communities. We remain committed to support our suppliers and service providers through these challenging times.

OUR COMMUNITIES

At a time when all businesses faced unprecedented challenges, the Group's focus on sustainability continued unabated, as responding to stakeholder needs is part of our business strategy. The Group's 'social licence' to operate is the result of our commitment to uphold human rights, develop our communities and to protect the environment in which we operate; which has led the many steps taken throughout the years to coexist in harmony with nature and people.

FOR THE PLANET

TARGETS

- 50% of the Group's direct energy consumption to be sourced from renewable energy sources by 2030
- Zero adverse impacts to natural water sources, protected areas and areas of high biodiversity value outside protected areas

PERFORMANCE HIGHLIGHTS

37,338 tonnes CO2e emissions reduced/offset

45% of the Group's direct energy consumption sourced from renewable sources

36 % of the total energy consumed within the Company sourced from renewable energy

339,482 m³ Volume of waste water treated for reuse or safe disposal

52% of water withdrawn treated for reuse or safe disposal

Rs. 55 Mn Investment in sustainability processes and actions

OUR COMMUNITIES

INITIATIVES ACROSS THE GROUP MAKING A DIFFERENCE

Adaaran Resorts Maldives commenced a Coral Replantation Research Project: 'Save the LUNGS Save the OCEANS' in June 2020, with three projects under this theme to plant corals in the Maldives.

1. Bed of Corals- A continuation of the project launched in 2018. Five beds were dressed in various types of corals.

Status - Completed

2. Coral Manta Project- Planting finger corals in the shallow lagoon area, to fill gaps, and in coral bleached areas. Adaaran team constructed 10 concrete manta shaped blocks. One of these 'manta' will hold 10 corals and bring it to a total of 100 corals.

Status - Completed

3. Coral Rope- The idea of the coral rope project was to have a finger coral nursery, to grow and place it in a permanent place once they are grown.

Status – Ongoing

POWER

Commissioned Sri Lanka's first waste to energy power plant to the national grid at an investment of approx. Rs. 13 billion in 2020.

Officially launched in February 2021, this power plant provides a sustainable, long-term solution for the municipal solid waste disposal problem in the city of Colombo and its environs while it also contributes positively towards national action plans to move away from fossil fuels.

Benchmarked to global standards and keeping with the Aitken Spence ethos of sustainability, social responsibility, and environmental stewardship, the plant will incorporate the latest technology to ensure clean energy and minimal impact on the environment. The residual ash (bottom ash) leftover from the incineration of waste will be reused to produce cinder blocks for the construction industry and the flue gas will undergo special catalytic treatment to remove all harmful particles before being released via a 6m tall smokestack.

Our power plant in Embilipitiya maintains beehives and tree belt consisting of over 15,000 plants of indigenous and medicinal value. Considering that this power plant is a thermal power plant, the presence of bees within its periphery is evidence to its success in emission control. Over the last year, the team initiated a project to add 10,000 more trees to this tree belt and currently maintains a plant nursery that provides saplings of endemic plants to the community.

PLANTATIONS

The segment has worked over the years towards reducing chemical fertilizers used for cultivation as part of their sustainability strategy. The team uses a higher percentage of bio substance to soil, increasing the carbon content of soil, resulting in improved water-retention capacity, soil structure, and fertility.

The team also works towards restoration of stream reservations and catchment areas to improve biodiversity and connect animal corridors by planting native tree species.

AITKEN SPENCE TRAVELS

Introduced green excursions such as climbing Adam's peak and excursions through the Sinharaja forest for local travelers to enhance their knowledge on biodiversity and eco systems. All travelers purchasing this excursion planted a tree to reduce their carbon emission during the tour.

AITKEN SPENCE PRINTING & PACKAGING

Aitken Spence Printing & Packaging is carbon neutral again for the 8th consecutive year. Maintaining an integrated management system, the factory also treats 100% effluents and nonbiodegradable waste and manages all solid waste generated towards achieving zero waste dumping to landfill.

AITKEN SPENCE PLANTATIONS

Aitken Spence Plantations achieved its target of utilising 100% of its factory roof space to generate solar energy. While over 80% of their direct energy consumption stems from renewable sources, the renewable energy generated by the company has successfully matched and exceeded their energy consumption from nonrenewable sources.

The processes our companies have implemented that protect the environment are discussed in the 'Planet' section of the Sector Reviews.

OUR COMMUNITIES

The mechanisms we use to identify environmental priorities is explained in the ‘Materiality’ and ‘Sustainability Strategy’ sections of this report. Accordingly, the processes in place to safeguard the environment is reflective of the consumption pattern, and the nature and scale of each Sector.

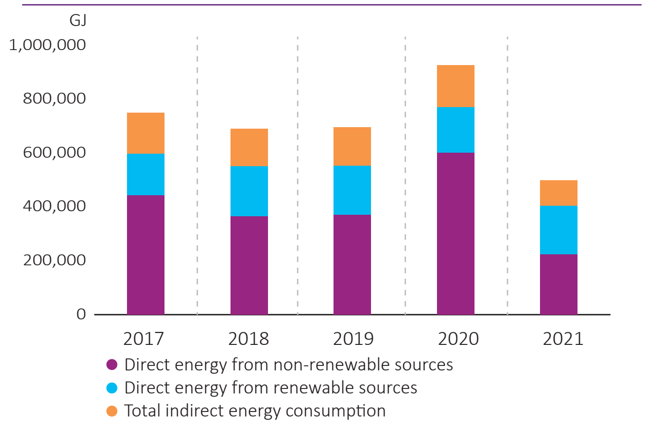
RESOURCE CONSUMPTION WITHIN THE GROUP

Energy consumption	39%	17%	43%	1%
Water consumption	57%	6%	36%	1%

ENERGY CONSUMPTION WITHIN THE GROUP

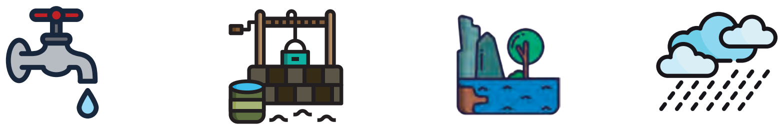
Petrol & Kerosene	LPG	Diesel	Furnace Oil	Grid Electricity	Renewable Energy
1.4%	1.6%	40.1%	1.3%	19.7%	36.1%

Total energy consumed within the organisation

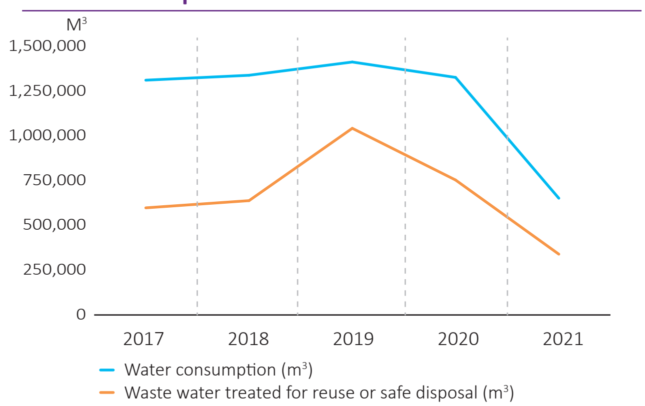


Total emissions by sector *(Scope 1 & 2)*

WATER CONSUMPTION WITHIN THE GROUP



Water Consumption



ENVIRONMENTAL MANAGEMENT SYSTEMS & CERTIFICATIONS

- **Over 40** Environmental management systems aligned to the ISO 14001 standard maintained across the Group
- **4** LEED certified properties; ISO 50001 certified systems for energy management
- **10** Travelife certified operations; ISO 14001 certified systems for environment impact control
- **Over 400** Network of trained internal auditors, EMRs, first aid officers, fire wardens and HR partners
- **6** Rainforest Alliance certified management systems
- **7** Systems aligned to the FSC certification

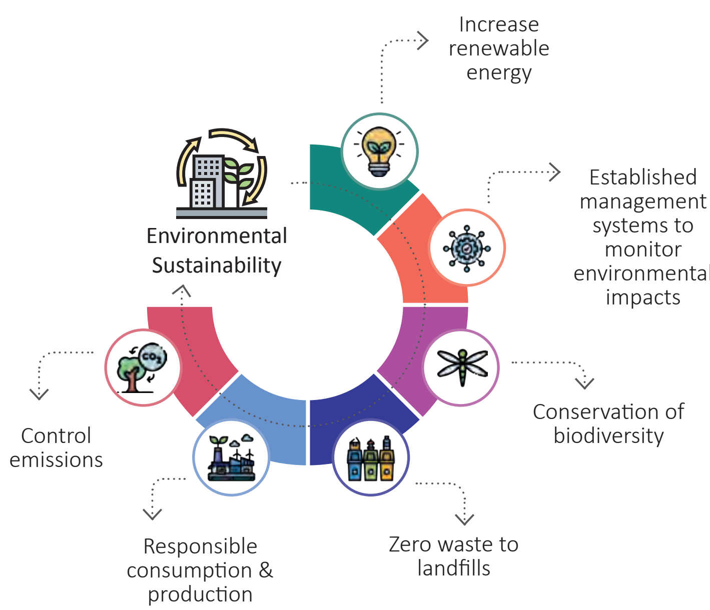
GRI 300-103, 302-1, 303-1

Environmental Sustainability

We achieve our environmental sustainability goals by enhancing product quality, optimizing resource allocation and reducing our environmental footprint.

The precautionary approach underlies the Group's ethos towards environmental impact control. 'Environmental Management Systems (EMS)' are 'essential' for all segments. These structured EMS are vital to identify and address potential adverse environmental impacts. We aim to Identify and reduce environmental risk while working towards enhancing positive impacts from our direct operations. We are also working to extend these in our sphere of influence by educating and regulating our suppliers and continually improving our products and services to be more sustainable in the long term.

The Group has been compliant with all laws and regulations during the year with no fines and/or non-monetary sanctions imposed for non-compliance.



GRI 307-1

OUR COMMUNITIES

CONSERVATION OF LAND AND ECOSYSTEMS

The Group owns and manages operations in the hotels, port operations, plantations and power generation segments across many locations in the vicinity of the ocean, areas rich in biodiversity and forests. Our commitment to conservation is reflected in the ecosystems we have enriched.

Over 8,000 Hectares

of estate land protects ecosystems and habitats by aligning their operational practices with the Rainforest Alliance and Forest Stewardship Council frameworks.

Over 80 Hectares

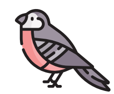
of forest cover outside the Heritance Kandalama hotel is maintained in its pristine condition as well as 58 acres of forest cover within the hotel premises

Our efforts to protect habitats protect more than;

19
species of reptiles and amphibians

64
species of butterflies and dragonflies

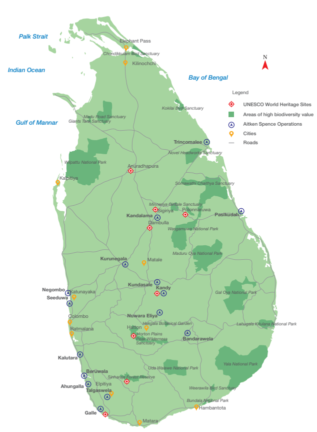
128
species of native flora

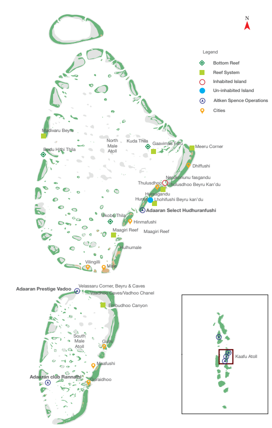


183
species of birds

Locations of our significant operations marked against national parks, protected areas and areas of high biodiversity value are depicted below. Segments located within close proximity to areas of high biodiversity value have surveyed the land for biodiversity and documented their findings. Their operational procedures have been adapted to minimize if not eliminate impacts on natural ecosystems.

Further information available on www.aitkenspence.com/sustainability





GRI 300-103, 302-1, 303-1 .

Energy

The Group's operational goals include increasing energy efficiency, eliminating waste and continuously working towards reducing energy consumption from non-renewable sources. We have increased our renewable energy generation throughout the years. On the other hand, our companies have consistently invested towards generation of energy from renewable sources to the national grid. The first ever waste to energy plant in Sri Lanka was launched by the Group in February 2021. Although the full benefits of the plant will only be realized in the next financial year, it will have a capacity to generate 10MW of renewable energy.

Energy Consumption within the Organisation

	Unit of Measure	Group				
Total Direct Energy Consumption within the Organisation (GRI 302-1)						
Non-renewable sources						
Petrol	GJ	7,000	511	619	5,320	550
Diesel	GJ	201,866	124,382	66,430	10,622	432
Furnace Oil	GJ	6,313	3,343	-	2,970	-
LPG	GJ	8,155	7,370	22	763	-
Kerosene	GJ	501	-	-	501	-
Total energy consumed from non-renewable sources	GJ	223,835	135,606	67,071	20,176	982
Renewable sources						
Biomass/fuel wood	GJ	156,337	4,101	-	152,237	-
Briquettes	GJ	10,535	-	-	10,535	-
Hydropower	GJ	384	-	-	384	-
Solar energy	GJ	596	596	-	-	-
Wind energy	GJ	211	-	-	211	-
Municipal solid waste	GJ	12,081	-	-	12,081	-
Total energy consumed from renewable sources	GJ	180,144	4,697	-	175,447	-
Total indirect energy consumption within the organisation	GJ	99,410	54,674	17,742	22,386	4,608
Total energy consumption within the organisation	GJ	503,389	194,977	84,813	218,009	5,590
Total energy generated from nonrenewable sources for external consumption	GJ	75,337	-	-	75,337	-
Total energy generated from renewable sources for external consumption	GJ	68,514	-	522	67,992	-
Reductions achieved in energy consumption (GRI 302-4) (Difference in energy consumption within the organisation per unit revenue between 2019/2020 and 2020/2021)	%	23	(13)	22	(16)	41

GRI 300-103, 302-1, 303-1

OUR COMMUNITIES

Water and Effluents

We control our water footprint and discharge of effluents by advocating best practices on water usage, harvesting rainwater, reusing treated effluents and treating effluents for safe disposal where reuse is not possible.

Water usage

	Unit of Measure	Group				
Total water withdrawn	(m3)	651,752	374,710	36,232	234,194	6,616
Water recycled and re-used/ safely disposed	(m3)	339,482	302,297	6,336	30,727	122
Water recycled and re-used/ disposed	%	52	81	17	13	2
Water sources significantly affected by withdrawal of water		None	None	None	None	None

GRI 303 – 1, 2, 3; 306-1, 5

Emissions

The Group has reduced its emissions mainly by offsetting emissions through investing in renewable energy and purchasing carbon credits. The total emissions offset includes emissions offset with carbon credits, emissions offset from the recycling of paper waste, potential emissions reduced by replacing diesel consumption with biomass and potential energy generation reduced by replacing furnace oil with cleaner sources of energy.

Total Emissions and reduction of emissions

	Unit of Measure	Group				
Direct (Scope 1) GHG emissions	Tonnes CO2e	328,331	9,803	4,867	313,592	69
Energy indirect (Scope 2) GHG emissions	Tonnes CO2e	20,392	11,766	3,076	4,602	947
Reduction of GHG emissions/emissions offset	Tonnes CO2e	37,338	426	108	36,798	6

GRI 305 – 1, 2, 5

Waste

Aitken Spence is committed to reduce waste by improving resource efficiency and identifying processes from which waste can be eliminated. We use the '7R Principle' to manage waste. Waste management practices across the Group strive to achieve zero waste sent to landfills by gradually disposing waste for recycling or selling selected waste for reuse.

Waste by Type and Disposal Method

	Unit of Measure	Group				
Waste generated within the organisation sold for recycling/ reuse or handed over for reuse to authorize vendors						
Solid waste	Tonnes	4,615	446	2,166	1,997	7
Solid waste in units	Units	4,256	1,781	2,391	-	84
Waste oil, ETP/ STP sludge	Litres	443,249	1,019	30	442,200	-
Total number and volume of significant spills	Litres / m3	None	None	None	None	None

GRI 306 – 2, 3

For the People

The community development priorities of Aitken Spence PLC are driven by the purpose of creating sustainable value that can build economic resilience and self-sufficiency within our communities. By enabling access to employment opportunities, integrating local suppliers and service providers within our supply chain and developing essential skills where necessary, we give prominence to largely systemic efforts to build communities instead of ad hoc philanthropic efforts.

TARGETS

- Increase opportunities to the local communities for economic development
- Increase access to higher education in STEM subjects as well as financial literacy within local communities
- Increase access for differently-abled community members

OUR COMMUNITIES

DEVELOPING LOCAL COMMUNITIES

Integrated within our framework, we are committed to support local communities by enabling employment opportunities and ensuring opportunities to be part of our value chain.

PRIORITY GIVEN TO LOCAL COMMUNITIES IN RECRUITMENT TO TOURISM AND STRATEGIC INVESTMENT SECTORS

Over 20% of the senior management and over 60% of the managerial employees at our hotels in Sri Lanka are from the community within 35 – 45km radius of the hotel

70% of the non-managerial employees and almost 100%of the senior management in Fiji are from the local community

over 60% of the non managerial employees and over 20% of the senior management is from the local community

Policies and procedures are in place to increase opportunities for local suppliers in Tourism and Strategic Investment sectors.

Rs. 136 Mn channelled for community development directly, while contributions made by donors within our network of business partners amounts to Rs. 169.6 Mn.

Further details of our management practices and mechanisms for social development can be perused in previous reports through aitkenspence.com/annual report or aitkenspence.com/sustainability.

Efforts to support the community during the year

The overseas hotels segment conducted the apprentice programme 'Skills for a Resilient Workforce 2020', an initiative of the Government of Maldives to encourage youth to explore the industry.

The plantations segment is known for extensive, ongoing community development initiatives such as infrastructure development, health and welfare programmes, support for education etc. at significant investment every year to improve living standards of the estate community.

During the lockdown, many youth returned to the estates due to business closure in the cities. It was important to keep them engaged while also enabling a steady income. Hence, the company provided temporary employment till they need to return to their places of work.

Over 1,280 school children were provided with stationary and over 70 students were provided with scholarships while 30 differently-abled children were also provided with monthly nutrient packs.

GRI Standard	Requirement	2020/21	2019/20
GRI 103-2	Total number of grievances filed through formal grievance mechanisms during the reporting period	03	03
GRI 205-3	Total number and nature of confirmed incidents of corruption and action taken	None	None
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None	None
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	None	None
GRI 406-1	Total number of incidents of discrimination and corrective action taken	None	None

GRI 203-1,2; 204-1

TOURISM

Aitken Spence is one of Sri Lanka's leaders in the Tourism sector with operations spanning 5 countries and a broad presence across the value chain. Our partnership with the world's leading tour operators provides connectivity and insights into traditional and non-traditional source markets. This powerful combination supported innovative marketing and promotions to drive the revival of this sector directly facilitating around 35% of tourist arrivals into the country during the period January to March 2021. The return to operational profitability witnessed by the Maldivian resorts of the Group during the fourth quarter of the financial year subsequent to the gradual resumption of international tourist activity by the archipelago is testimony to the indomitable spirit of the team that makes Aitken Spence synonymous with hospitality.

20.9%
OF GROUP REVENUE

66.5%
OF GROUP MANUFACTURED CAPITAL

Destination Management

Aitken Spence Travels is the largest inbound tour operator in the country with long standing relationships with the world's largest tour operators including TUI

Hotels

The Hotels owns and operates a portfolio of 17 hotel properties in Sri Lanka, Maldives, India and Oman with 2,343 keys under the brands Heritance, Adaaran and Turyaa.

Hotel Management

Hotel Management services operates 23 hotels in Sri Lanka, Oman and India managing 2,840 keys, broadening our offering to customers

Airline GSA

The longest standing General Sales Agency of Singapore Airlines in the world for passenger and cargo offering excellent connectivity via its hub in Singapore

53.2% OF GROUP ASSETS

23.2% OF GROUP EMPLOYEES

6.2% OF GROUP CARBON FOOTPRINT

57.5% OF GROUP WATER CONSUMPTION

TOURISM

Operating Environment

Unprecedented border closures commencing from mid-March 2020 to curtail the spread of the COVID-19 pandemic led to an overnight shut down of activity in the global tourism sector. Even as at March 2021, 32% of 217 destination tracked by the UNWTO remain completely closed while a further 34% are partially closed to international tourists. However, South Asia's (SA) recovery has been faster than that of most other regions recording an occupancy rate of 47% with actual air reservations increasing by 7% YoY in March 2021, while the Middle East has also maintained a trend above the world average. Maldives was an early mover, opening its markets in July 2020. India and Oman remained open throughout for domestic tourism. Sri Lanka has adopted a two-tier approach, segregating hotels for international tourism and domestic tourism from January 2021 with certification of hotels by internationally reputed auditors. Domestic travel resumed in Sri Lanka in July 2020 with discounted rates which saw a resurgence in domestic tourism, supporting the sector's cash flows.

Indicators (as of Feb 2021)	World %	South Asia %	Middle East %
International Tourist Arrivals (Jan 2021)	(87)	(93)	(84)
Travel Restrictions	32	22	23
Actual Air Reservations	(90)	(74)	(86)
Occupancy Rates	37	52	42
Hotel Searches	(50)	(22)	(41)
Hotel Bookings	(46)	(33)	(46)

The industry continues to work with government authorities, tour operators and airlines to find localised solutions to the global pandemic with wide ranging differences in impact and management. Commencement of vaccination programmes in many countries is expected to support a return to a new norm by the 2nd or 3rd quarter of 2021 although recovery of the industry to former levels of activity may take longer.

Performance

The year under review was extremely challenging with border closures, lockdowns and stricter restrictions imposed for international tourists in the regions where we operate. Survival of businesses and sustenance of the livelihood of the thousands who depend on the tourism industry were of pivotal importance given the scale of the unprecedented challenges faced by the industry. Global partnerships and presence across the value chain enabled us to find creative solutions to drive business volumes, taking a lead role in the revival of the international tourist business in Sri Lanka and Maldives. We were an early mover in both markets establishing strict protocols to ensure the health and safety of the stakeholders involved from arrival to departure, investing in training our staff, freelance guides and drivers in order to minimise the impact of the pandemic.

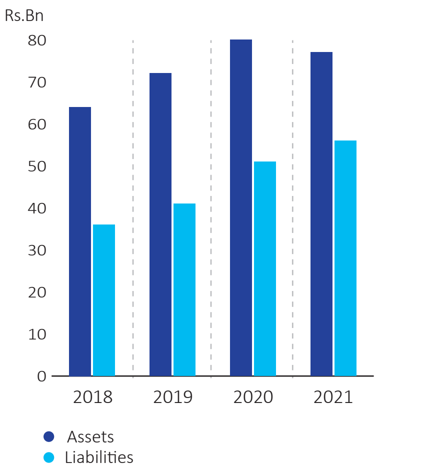
The revenue of the sector was Rs 6.7 Bn a decline of 72.9%, as a result of the pandemic which led to a significant drop in the average occupancy of the hotels segment this year. The clients handled by the destination management segment decreased to 18,147 for the year compared to 110,174 pax handled the previous year. It is noteworthy that 76% of the total pax handled during the current year were local clients. The Tourism sector of the Group recorded a negative EBITDA of Rs. 2.3 Bn, compared to the positive EBITDA of Rs. 4.7 Bn recorded the previous year. The sector reported a loss after tax of Rs 7.5 Bn.

Sri Lanka and Maldives were on a lockdown throughout the first two months of the financial year resulting in the closure of resorts in these countries. During the second quarter of the year, the Sri Lankan Hotels and destination management aggressively pursued to grow the domestic tourism industry, which showed much promise but was again severely impacted by the second wave of the pandemic. It is notable that in the fourth quarter, Maldives Hotels recorded an overall healthy occupancy albeit at discounted rates. However, that was not the case for properties in Sri Lanka, Oman and India which are recovering at a much slower pace. The sector's handling of repatriation flights out of Maldives enabled the travel operation in Maldives to record year around profitability.

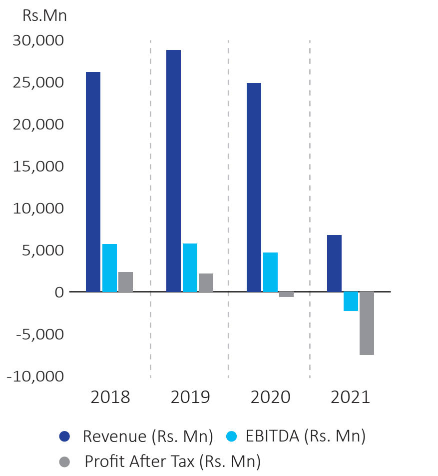
The sector undertook a significant cost rationalization programme soon after the onset of the pandemic which minimised the losses and redeployed staff to active sectors of the Group wherever possible. Employees were assured of their jobs although they agreed to a voluntary reduction in pay in order to maintain livelihoods. This was implemented on a sliding scale with the senior management taking the highest rate of reduction.

The strain on the cash flow of the hotels segment was somewhat eased with the Maldivian Government granting a deferment of the payment of the head lease of the resorts during the height of the pandemic where a lockdown was affected in the Maldives. Further the debt moratoriums and subsidised working capital funding approved by Central Bank of Sri Lanka assisted the hotel segment to reduce the burden on the sector. The extension of the moratorium announced by the Central Bank of Sri Lanka to September 2021 is no doubt a much needed lifeline to the tourism industry of the country.

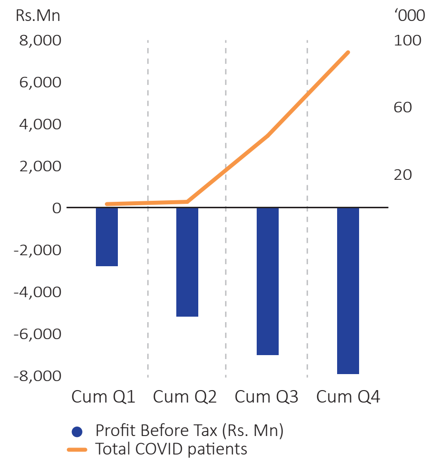
Stability



Profitability



Performance During Pandemic



TOURISM

		2020-2021	2019-2020	2018-2019
FINANCIAL	Revenue (Rs. Mn)	6,722.7	24,848.7	28,769.0
	Profit before tax (Rs. Mn)	(7,853.6)	(15.3)	3,096.4
	Profit after tax (Rs. Mn)	(7,467.2)	(597.1)	2,159.8
	Total assets (Rs. Mn)	77,305.1	79,834.0	71,754.0
	Total liabilities (Rs. Mn)	55,919.0	50,742.2	40,567.0
ECONOMIC	Jobs created	-	49	70
	Taxes paid (Rs. Mn)	589.1	2,803.9	3,989.1
	Employee benefits paid (Rs. Mn)	3,128.9	4,989.3	4,585.6
	Foreign currency generated to the country (Rs. Bn)	2.9	12.2	18.6
SOCIAL	Number of joint venture partnerships	7	7	7
	Number of Employees	2,904	3,621	3,863
	Employee female/male ratio (%)	13.2	13.5	15.2
	Reach of sustainability commitments among employees (%)	100	100	100
	Training hours per employee	14.0	22.9	46.8
ENVIRONMENTAL	Total energy consumption (GJ)	194,976.8	594,614.1	347,568.7
	Total energy consumed from renewable sources (GJ)	4,696.6	8,399.1	8,188.6
	Scope 1 emissions (tCO2e)	9,802.6	35,260.0	18,580.9
	Scope 2 emissions (tCO2e)	11,766.5	21,403.4	18,004.5
	Emissions reduced or offset (tCO2e)	425.7	730.9	1,861.3
	Total water withdrawn (m^3)	374,709.9	1,124,976.0	1,230,665.3
	Total volume of water treated for reuse or safe disposal (m^3)	302,296.7	711,466.0	991,375.5
	Total amount of solid waste kept away from landfills			
	(Tonnes)	445.6	2,476.3	2,520.3
	(Units)	1,781	10,147	11,649
	(Litres, waste oil)	1,019.0	5,663.0	5,879.0
	Total investment in sustainability driven processes (Rs. Mn)	27.7	12.7	14.7

Alignment to SDGs

The Sustainable Development Goals (SDGs) are 17 goals and 169 specific targets within a world-wide plan of action called 'Agenda 2030' describing local and global development priorities. As responsible corporate citizens and signatories to the UN Global Compact, companies in the Tourism sector contribute towards the SDGs by aligning their operational procedures to 9 goals and 28 specific targets.

More details of these efforts can be perused in the Group's website (www.aitkenspence.com/sustainability) and social media channels.

OUTLOOK

The long road back to recovery for the Tourism sector is at its early stages but the signs are encouraging though somewhat dampened by the third wave of the pandemic which hit South Asia in April 2021. However, we remain hopeful that the authorities would be able to contain and control the spread of the virus and are encouraged with the plans for the rollout of the vaccines.

As a people intensive industry, we are painfully aware of the need to act with urgency to support the livelihoods of everyone who depend on this industry. It is noteworthy that Asia is among the markets that are ahead of the curve in attracting tourists despite the challenges of reduced airline operations and onerous but vital health and safety procedures. The rollout of vaccines is the most positive factor although downside risks remain with opening of borders. The industry recognises the need for safety protocols to mitigate the vulnerabilities that had such disastrous consequences previously, while being conscious of the potential of the industry to support economic resurgence through foreign exchange earnings and employment.

Aitken Spence Group has invested in high end technology for sanitisation and has rolled out the SpenceSafe Safety Plan which is communicated to guests and staff to ensure the safety of all stakeholders. Our strategies remain agile as we monitor developments and work with business partners and policymakers to find solutions that are acceptable to the key stakeholders to drive growth in this economically vital industry.

TOURISM

HOTELS OPERATIONS

1,564 Rooms in Sri Lanka	750 Rooms in Maldives	140 Rooms in India	386 Rooms in Oman

Aitken Spence Hotels has the largest portfolio of hotels amongst local corporates with 17 properties owned in the Middle East & South Asian region and a further 6 properties under the management. Operating under the brand names Heritance, Adaaran and Turyaa, Aitken Spence hotels are synonymous for warm hospitality and excellent cuisine. The synergies achieved through the Group's operations in the destination management segment facilitates greater access to key source markets which in turn supports occupancy levels.

REALIGN: COVID-19 RESPONSE

Border closures in mid March 2020 necessitated the closure of all properties to guests except in India. Minimum staff were maintained at properties while managing the significant challenges in repatriation of staff, particularly from the Maldives properties. The sector availed itself of debt moratoria to support cash flows and undertook strict cost rationalisation programmes while ensuring the regular maintenance of properties.

Special training programmes were rolled out with separate manuals and standard operating procedures (SOPs) to guide hotel staff. The "SpenceSafe Safety Plan" communicated to all customers was supported by the SpenceSafe Team and ambassadors who were responsible to safeguard our employees and guests.

Routine maintenance of properties was supplemented by large refurbishment projects which typically involve shut-downs. Additionally, the Maldivian sector continued to engage with guests on social media with videos depicting the natural beauty of the destination as well as aspects of preparation of our unique blend of cuisine typically served in the resorts.

REINVENT & RELAUNCH

We worked with tour operators to identify potential source markets that were open to support the revival of tourism while also targeting millennials on social media.

Opening up the resorts for domestic and international tourists necessitated reinventing our service delivery to conform to the new health and safety protocols. Innovative tour packages such as "Working from Paradise Island" attracted clients to the Maldives properties from July 2020 supporting recovery of this market. Sri Lankan properties needed a different approach with properties being segregated for international and domestic tourism. In Oman, the hotels ventured in to delivery channels during the lockdown period, tying up with the two of the biggest service providers operating in Oman and utilising their own fleet. Turyaa India remained open throughout despite the decline in volumes.

Integration of technology was key, facilitating contactless menus, pre-arrival surveys, communications and semi-virtual mobility for staff. Guests entering our properties which are typically in stunning locations set in harmony with nature can expect to see nature's renewal and rejuvenation during the lockdown, both on land and in the sea.

RESOURCE ALLOCATION

Managing human resources was crucial and posed a challenge amidst the limitations due to the pandemic. All our staff multi-tasked, adding value both internally and externally. Training programmes ensured that their skills were finely honed to deliver exceptional experiences to our guests.

PERFORMANCE

The woes of the year are reflected in the financial performance of this sector although it marks some notable achievements during the year. Heritance Aarah which reopened during the third quarter of 2020 has made a remarkable recovery, recording a profit during the fourth quarter of the financial year supported by excellent testimonials from guests. The Maldives sector was able to secure an operational profit for the fourth quarter with the gradual resumption of international tourist arrivals consequent to the airports being opened in Maldives in July 2020 for international tourists. Inevitably, operational costs remained high as we opted to support job security.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	73,399.1	73,059.2	0.5
Total liabilities (Rs. Mn)	53,419.3	46,617.8	14.6
Employees	2,563	3,191	(19.7)
Carbon footprint (tCO2e)	20,137.9	55,569.3	(63.8)
Water consumption (m^3)	370,296.8	1,115,702.4	(66.8)

CERTIFICATIONS

- Travelife certified hotels
- Benchmarked to ISO 14001:2015 (environment), ISO 9001:2015 (quality), ISO 22000:2018 (food safety) and ISO 50001:2011 (energy management)

TOURISM

EXTERNAL STAKEHOLDERS

- Ensuring the safe passage of guests stranded during lockdown
- Flexible cancellation policy introduced.
- Payment plans to support suppliers through lockdown period.
- Supported quarantine programmes in Maldives and Oman.

PLANET

- Maintained coral reef restoration projects at Maldivian resorts.
- Vegetable gardens maintained and expanded at the hotel properties
- 100% of the sewage waste and wastewater generated is treated for safe reuse
- Routine beach clean ups commenced at the Sri Lankan hotels once the hotels recommenced operations

Adapting to a New Norm

Health and safety of international and domestic tourists and staff will remain a key concern during the year and our hotels have been strengthened with both the necessary training for staff, communications to guests and visitors and technology deployed to minimise risks from the provision of contactless services to constant sanitisation. Increased digitisation supporting efficiency, social distancing and contactless communications will continue to enhance productivity and stakeholder engagement.

RISKS

- Prolonged border closures resulting in low demand from international tourists.
- Health and safety of employees, customers and key suppliers

CHALLENGES

- Cash preservation and prudent management of resources
- Prioritising investments for essential maintenance
- Collection of outstandings from tour operators
- Maintaining employee morale and motivation

OPPORTUNITIES

- Opening up of new source markets.
- First mover advantage of being accredited as safe properties.
- Geographical diversification of Resorts.

OUTLOOK

Travel restrictions remain in place in key source markets although we expect these to ease with the rollout of vaccines. The gradual increase in occupancy rates, particularly in the Maldives is encouraging and is expected to gather momentum with summer holidays followed by the winter vacations. Sri Lanka is expected to gradually return to profitability in 2021/22 with the opening of more borders. While downside risks remain high with new variants, we are encouraged by the inquiries for reservations and supportive policies of the governments to revive tourism which accounts for significant foreign exchange earnings and employment.

DESTINATION MANAGEMENT

Sri Lanka's leading destination management company	Maintained profitability of inbound tourism	Revival of tourism using non-traditional markets

Aitken Spence Travels is Sri Lanka's leading destination management company with a proven track record in ensuring the well-being of our customers with wide ranging value propositions for a discerning clientele. Our strong partnership with TUI, the world's largest tour operator and many other reputed tour operator partners support access to many source markets. The alignment with the latest thought leadership with insights into this dynamic industry is a major strength of Aitken Spence Travels.

The experience of over 4 decades of tours and holidays showcasing the best of Sri Lanka customized to diverse requirements in line with our motto – 'to go the extra mile' and the diversification into all aspects of tourism has supported our market leadership in an intensely competitive industry.

TOURISM

REALIGN: COVID-19 RESPONSE

During the lockdown, the company realigned its operations to handle 21 repatriation flights, working closely with the government authorities. We also maintained a continuing dialogue with our principals to monitor developments.

The segment accessed non-traditional markets to bring in tourists from January 2021, by leveraging our networks and expertise to structure innovative solutions to support the revival of the tourism industry of the country under extremely challenging conditions. With the closure of borders, the segment re-aligned its offering with tailor-made packages to meet the needs of the domestic market, through innovative local excursions that opened up a new avenue of business for the Group.

REINVENT & RELAUNCH

Aitken Spence Travels was the first travel company to obtain the "Safe and Secure" Tourism certificate of compliance by the Sri Lankan Tourism Development Authority, through an independent assessment conducted by KPMG Sri Lanka. Charter operations with TUI Kazakhstan that brought in around 2 flights per week commencing January 2021 up to March 2021, accounted for approximately 35% of tourist arrivals into the country during this period.

RESOURCE ALLOCATION

The sharp decline in business volumes necessitated the reallocation of staff to active areas within the Group supporting continued employment for them and cost rationalisation for the company.

PERFORMANCE

An agile mindset and strong relationships with principals enabled the destination management segment to record a profit in an extremely challenging year. It is noteworthy that the performance was delivered on 13,723 pax handled in domestic tourism and 4,424 pax of overseas clients handled with slightly more than two months of activity in inbound tourism. Opportunities for outbound travel are extremely restricted as borders remain closed to date.

The Maldives travels segment remained profitable largely due to the handling of repatriation flights out of Maldives.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	3,489.9	6,172.6	(43.5)
Total liabilities (Rs. Mn)	1,953.3	3,851.3	(49.3)
Employees	281	302	(7.0)
Carbon footprint (tCO2e)	317.2	1,062.7	(70.2)
Water consumption (m^3)	4,362.8	9,167.9	(52.4)

CERTIFICATIONS

- Safe & Secure Tourism Certificate issued by Tourism Development Authority of Sri Lanka
- ISO 14001:2015 (Environment) and ISO 9001:2015 (Quality)
- Travelife Partner

EXTERNAL STAKEHOLDERS

- Customers were given refunds on cancelled tours
- Tour operators were offered creative payment plans during the crisis to assist their cash flows
- Settlement of all suppliers in full without undue delay despite the drastic drop in business
- Freelance guides, chauffeur/guides and drivers were paid a special allowance for working during February and March in the reporting period due to the high risks associated with the industry to ensure a high standard of service for our guests

PLANET

- Focus on preserving the environment by educating key stakeholders such as customers, chauffeur guides, jeep drivers inside the national parks and our staff members about biodiversity and ecosystem sustainability
- Reducing stress on animals and congestion by highlighting less popular national parks
- Webinars for a global audience on preservation of biodiversity
- Continuation of the Tree Friends tree planting campaigns throughout the year

RISKS

- Health and safety of travel and associated restrictions may prolong return to normalcy

CHALLENGES

- Preservation of cash flows and management of cash reserves in hand
- Maintaining the moral and motivation of the work force

OPPORTUNITIES

- Opportunities in domestic tourism
- Opportunities for growth in non-traditional tourist markets

OUTLOOK

Business volumes are expected to pick up in the second half with the rollout of the vaccination and there is interest from traditional source markets. However, overall activity is likely to remain subdued as new variants continue to delay a return to normalcy in source markets. We will continue our strategy to cater to demand from countries that have a higher risk appetite for travel such as the Baltics, Eastern Europe, Middle East, China and India in close cooperation with the Tourism Development Authority to ensure that country risks are managed.

TOURISM

AIRLINE GSA

Sri Lankan Airlines GSA operation in the Maldives remained positive

Longest standing GSA of Singapore Airlines in the world

Singapore Airlines celebrates 51 years in Sri Lanka

The segment comprises of the GSA operation of Singapore Airlines in Sri Lanka and the GSA operation of Sri Lankan Airlines in Maldives. Even during these challenging times the GSA operations of Maldives remained profitable despite the border closures and lockdowns in the countries in which the Airline is operating.

Aitken Spence Aviation is the General Sales Agent for Singapore Airlines (SIA) in Sri Lanka providing air passage and cargo services to the world via the hub, Singapore for the local market in keeping with global standards. SIA will be completing 51 years of operation in Sri Lanka in 2021 of which 49 years has been with the Aitken Spence Group which is the oldest airline agency for SIA.

PERFORMANCE

The GSA operations of Sri Lankan Airlines in the Maldives reported a profit the for the year despite the drop in international travel. The profitability was achieved by handling repatriation flights out of the Maldives via Colombo.

Singapore Airlines passenger flights commenced on the 6th December 2020 with 3 flights a week despite the tight controls in place. Passenger revenue growth was encouraging as we worked with other stations within the network which has a large Sri Lankan community to secure movements into Colombo on SIA which proved to be a successful strategy. Cargo sales were impacted by a decrease in tonnage to almost 50% of the previous year's volumes, mainly due to capacity cut of over 70%, which was offset by the increase in freight rates.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	416.1	602.2	(30.9)
Total liabilities (Rs. Mn)	546.4	273.2	100.0
Employees	60	128	(53.1)
Carbon footprint (tCO2e)	39.3	31.4	25.3
Water consumption (m^3)	50.3	105.8	(52.4)

RISKS

- Prolonged border closures resulting in low demand for passenger travel
- Health and safety of air travel and cumbersome processes impacting customer satisfaction and cost

CHALLENGES

- Increased cargo capacity exerting pressure on yields
- High dependency on perishable cargo
- Increased flights and marketing activity by competitors

OPPORTUNITIES

- Reduced flights by competing airlines supported yields
- Strong synergies with Aitken Spence Group for cargo and passenger sales broadening the customer value proposition
- The global network of SIA and frequency of flights with connectivity to one of the busiest hubs and a high frequency of flights supporting capacity in North America and South East Asia

REALIGN: COVID-19 RESPONSE

The segment was successful in securing the GSA of Jazeera Airways of Kuwait which commenced operations from 17th February 2021 and is currently operating two flights per week out of Colombo. It is hopeful that this frequency will be increased with the easing of the pandemic situation.

The segment had also secured the GSA operation for GoAir of India prior to the start of the pandemic. However with the restriction on travel as a result of the COVID-19, the airline stopped operations to Colombo but the segment is hopeful that it will recommence its operations with the easing of travel restrictions.

Online scheduled services of Singapore Airlines declined from 26 to 15 carriers mainly operated with passenger aircrafts converted cargo only flights. This supported the current production level sustaining yields. Cargo flights increased from June and the passenger aircrafts have progressed to carrying a limited number of passengers. Our offices remained open throughout the lockdown to service clients. Cargo and Airport operations functioned with flight operational duties. Cost rationalisation supported profitability which included savings on rent and other administrative costs as the potential for growth remains limited in 2021.

REINVENT & RELAUNCH

SIA Passengers were constantly updated with KRIS Connect and relevant business information during the year. Cargo operations aligned its destination mix and product mix with the capacity of the SIA network. It focused on increasing its share of perishable loads from Colombo for regular business and also targeted new and emerging products for air freight.

Opportunities to diversify loads to points in Europe were also explored to increase efficiencies. Innovative and targeted promotions in identified categories supported higher yields.

Cargo rates increased as capacity declined during the pandemic and remain at high levels even now supporting revenue growth despite a decline in volume.

The Airline GSA operations continue to benefit from the synergies of the diversified portfolio of businesses of the Group.

Demand for overseas travel was minimal in the corporate and leisure segments but the team was successful in securing business from seafarers, returning residents and students who had the ability to travel despite the border controls.

EXTERNAL STAKEHOLDERS

- The closure of borders in March 2020 saw many refunds and postponement of travel. Airlines represented by us were in the fore-front of assisting our passengers and trade partners to process all refunds promptly which was well received during the challenging times.
- SIA also awarded bonus flight credits should passengers opt to hold on to their tickets and travel at a later date. SIA authorised a free of charge change date extending the validity of travel until 31Dec 2021.

PLANET

- The team maintains an Environmental Management System (EMS) aligned to the guidelines and requirements of the ISO 14001 system standard and monitors energy and water consumption as well as generation of solid waste.
- Annual internal EMS reviews and capacity building programmes for the sustainability subcommittee conducted with the support of the Group ensures the team has the capacity to manage environmental priorities

OUTLOOK

A new normal is yet to be established for the aviation sector which is one of the worst hit by the pandemic. Demand for passenger travel remains at minimal levels in corporate and leisure segments although other segments have supported volumes. Consequently, reducing costs of sales is a key imperative and a new distribution capability was launched in February 2021 which will support profitability in 2021. Border restrictions continue to hinder a return to normalcy although we are cautiously optimistic about the ability to increase flight frequency towards the 2nd quarter of the new financial year.

MARITIME & FREIGHT LOGISTICS

Renowned for its service excellence and innovation, the Maritime & Freight Logistics sector provides an extensive range of maritime and logistics services across the value chain. Leveraging on Group synergies, our customized and comprehensive solutions accommodate end to end logistics needs of the customers. In the unpredictable environment of the COVID-19 pandemic, our operations continued uninterrupted, despite lockdowns, providing an essential service to the country's economy. Profit before tax increased by 13.9%, the highest profit recorded by a Group's sector during the year. Although the sector revenue declined by 4.2%, cost rationalisation programmes and efficiency improvements across all segments resulted in the profit growth.

27.5%
OF GROUP REVENUE

7.3%
OF GROUP MANUFACTURED CAPITAL

Integrated Logistics

- One of the leading integrated logistics providers in Sri Lanka
- Total extent of logistics facilities exceeds 45 acres
- Preferred multi user facility
- Fully fledged fleet of heavy vehicles and equipment

Freight Forwarding, Courier & Airline GSA

- Air and sea freight operations in Sri Lanka, Maldives, Bangladesh, including custom house agencies
- Representatives for international delivery networks and general sales agents for air cargo services for international airlines

Maritime & Port Services

- Shipping agents to leading container carriers handling imports, exports and transshipment cargo, passenger cruise vessels, car carriers, petroleum tankers and casual callers
- Equity investment and management of international port operations in Fiji and Mozambique

Education

- CINEC Campus is the most diversified private higher education institution in Sri Lanka, offering courses in many disciplines ranging from vocational training to post-graduate degree programmes
- CINEC also manages the maritime academies in Fiji and Seychelles

10.7%	13.3%	2.3%	5.6%
OF GROUP ASSETS	OF GROUP EMPLOYEES	OF GROUP CARBON FOOTPRINT	OF GROUP WATER CONSUMPTION

MARITIME & FREIGHT LOGISTICS

Operating Environment

Global context

Global trade flows were affected at an unprecedented speed and scale by the COVID-19 pandemic. During the pandemic, access to essential goods and medical items depended on the ability of the global maritime supply chains to quickly adapt to unforeseen situations. As estimated by UNCTAD, global merchandise trade was expected to have fallen by 5.6% in 2020. Although the trade slowdown could be seen in both developing and developed countries, the developing countries are estimated to have been affected more with their imports declining faster. The decline in the exports of developing countries may reflect reduced demand in destination markets which are primarily the developed western countries that were affected significantly during the initial period of the pandemic. However, falling imports are also driven by other factors such as exchange rate movements, concerns regarding debt and shortage of foreign currency which typically affect developing economies.

Local Context

The Sri Lankan logistics industry contributes approximately 2.5% to the national GDP with a value of approximately USD 2 billion, and provides over 40,000 full-time direct employment opportunities whilst also being a corner-stone of the external trade sector.

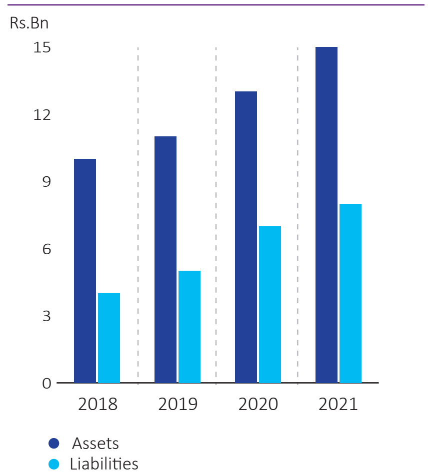
Key Drivers	2020	2019	%
All ports			
-Ship arrivals	4,337	4,697	(7.7)
-Cargo handling (mt '000)(All ports)	102,908	106,979	(3.8)
Colombo Port			
-Container handling (TEU '000)	6,855	7,228	(5.2)
-Transshipments (TEU '000)	5,765	5,955	(3.2)
Air Cargo handling (mt '000)	148,314	259,089	(42.8)

The COVID-19 significantly affected port activities, which declined immensely during 2020, primarily due to the decline in import cargo. However, during the first quarter of 2021 both container and cargo handling activities recorded improved performance over the fourth quarter of 2020. The number of ship arrivals at ports also decreased in conjunction with reduced transshipment cargo. Development activities in the port sector continued amidst the disruptions of the pandemic although at a slower pace. Air cargo volumes also decreased during the year as the COVID-19 pandemic restricted aircraft movements although the carriers that continued to service Colombo were able to significantly increase their business volumes.

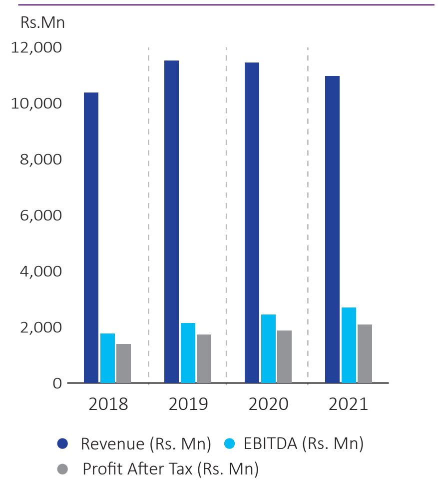
Fiji Environment

The contraction in the Fiji economy due to the COVID-19 pandemic affected cargo volumes handled in the ports of Fiji, with import and export volumes declining marginally. The volume drop witnessed at the beginning of the year gradually eased towards the latter part with the steady resumption of economic activity.

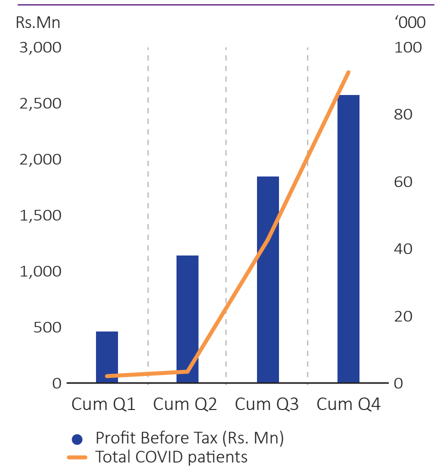
Stability



Profitability



Performance During Pandemic



		2020-2021	2019-2020	2018-2019
FINANCIAL	Revenue (Rs. Mn)	10,957.3	11,439.8	11,502.1
	Profit before tax (Rs. Mn)	2,567.1	2,253.4	2,125.8
	Profit after tax (Rs. Mn)	2,083.0	1,864.3	1,726.2
	Total assets (Rs. Mn)	15,479.9	13,104.2	11,160.4
	Total liabilities (Rs. Mn)	8,086.3	6,503.7	4,670.4
ECONOMIC	Jobs created	12	7	51
	Taxes paid (Rs. Mn)	687.6	651.9	659.9
	Employee benefits paid (Rs. Mn)	1,564.5	1,823.8	1,733.2
	Foreign currency generated to the country (Rs. Bn)	2.7	3.4	3.3
SOCIAL	Number of joint venture partnerships	9	9	9
	Number of student registrations at CINEC	13,939	16,627	14,196
	Number of Employees	1,658	1,774	1,755
	Employee female/male ratio (%)	17.2	14.5	7.0
	Training hours per employee	2.6	6.5	6.6
ENVIRONMENTAL	Total energy consumption (GJ)	84,812.7	110,115.3	105,186.5
	Renewable energy generated(GJ)	522.1	744.9	623.3
	Scope 1 emissions (tCO2e)	4,867.2	6,684.2	6,361.7
	Scope 2 emissions (tCO2e)	3,076.4	3,103.4	3,038.5
	Emissions reduced or offset (tCO2e)	108.4	158.1	128.6
	Total water used (m^3)	36,232.2	50,106.2	49,836.8
	Total waste water treated and reused or safely disposed (m^3)	6,336.0	5,184.0	5,184.0
	Total amount of effluents safely disposed (Litres)	30.0	16,669.0	6,813.5
	Total amount of solid waste kept away from landfills			
	(tonnes)	2,165.6	120.0	385.7
	(units)	2,391	805	1,759
	Total investment in sustainability driven processes (Rs. Mn)	0.8	1.5	1.7

Performance

The sector recorded the highest profit in the Group for the year to Rs. 2.6 Bn. Revenue decreased by 4.2% during the year due to the many challenges encountered by the different business lines of the sector. However, stringent cost control measures across the segments resulted in improved profitability.

The integrated logistics segment's profitability increased by 12.0%. Depot operations, distribution services, mobile storage solutions, warehousing and zones contributed positively to segment results while the other business lines within the segment showed a dip in performance.

The growth in profits of the freight forwarding & courier segment was achieved amidst lower trade volumes and capacity constraints in both air/sea freight that saw a sharp increase in rates.

The overseas port operations were able to maintain its profitability to a greater degree due to the resurgence of economic activity towards the latter part of the year. However, the ship agencies we represent returned a higher profitability owing to the increase in freight rates recorded during the year despite a drop in volumes.

The education segment profit also increased during the year. The rising popularity of our courses and costs savings resulted during the year were factors that contributed to our positive performance.

MARITIME & FREIGHT LOGISTICS

Alignment to SDGs

The Sustainable Development Goals (SDGs) are 17 goals and 169 specific targets within a world-wide plan of action called 'Agenda 2030' describing local and global development priorities. As responsible corporate citizens and signatories to the UN Global Compact, companies in the Maritime & Freight Logistics sector contribute towards the SDGs by aligning their operational procedures to 7 goals and 16 specific targets.

More details of these efforts can be perused in the Group's website (www.aitkenspence.com/sustainability) and social media channels.

OUTLOOK

Maritime & Freight Logistics sector is optimistic about future growth opportunities. We will continue our investments in expanding capacity, digitization of processes as well as being innovative in our traditional businesses. We are also exploring avenues to enter into new business ventures in the exciting vistas that are now opening up in the country. The outlook is further detailed in the segmental reviews of this sector.

INTEGRATED LOGISTICS

Over 15%
growth in Profitability

A preferred logistic partner for the New Kelani Bridge project

Uninterrupted service during the pandemic

Aitken Spence Logistics is a leading integrated logistics services provider in Sri Lanka and is widely known for its pioneering concepts, resourcefulness, widespread facilities, expertise and experience in the industry strengthened by the brand value of the parent company, Aitken Spence. The segment is focused on creating greater value to our stakeholders by offering cost effective integrated logistics solutions. The segment operates in diverse logistics businesses and is the market leader for Container Freight Station (CFS) and mobile storage solutions while the depot operations, transport, warehousing and special operations are ranked amongst the top in the industry.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	5,702.3	5,601.0	1.8
Total liabilities (Rs. Mn)	1,291.8	1,449.0	(10.9)
Employees	551	585	(5.8)
Carbon footprint (tCO2e)	5,634.7	6,241.0	(9.7)
Water consumption (m^3)	32,876.2	43,054.0	(23.6)

PERFORMANCE

A profit growth of 12.0% was achieved by the segment amidst the many challenges posed by the pandemic. Performance grew in depot operations, distribution services, mobile storage solutions, warehousing and zones. Our ability to provide continuous services to customers despite disruptions in supply chains, demand for mobile cold storage, increased warehouse utilisation and storage solutions contributed to this growth. A decline in performance over the previous year was recorded in stuffing operations, transport, repair and refurbishment of containers and special projects though contributing positively to the bottom line. Reasons for this negative growth included decline in export and import volumes, drop in the numbers of containers circulating in the country and delays in major infrastructure projects.

MARITIME & FREIGHT LOGISTICS

REALIGN, REINVENT & RELAUNCH: COVID-19 RESPONSE

The segment continued to provide undisrupted services to all customers during the lockdown period, with our geographical presence spread in nine locations. The following actions were taken to ensure smooth operations whilst ensuring safety of all staff and stakeholders;

- Prompt obtaining of curfew passes
- Undisrupted services provided to ensure continuity of our clients' operations
- Adhering to the Group's stipulated safety policies and health practices, ensuring availability of sanitisation facilities at all operational and office sites
- Providing lodging, transport facilities and incentives to all operational staff on duty
- Continuous awareness campaigns and posts to educate the workforce on health and hygiene factors
- Implementation and adaptation of control practices to prevent any spread of the virus
- Prompt action to identify and quarantine infected/related personnel
- Price discounts offered to key clients
- Payment gateways changed and credit periods extended
- Payments made online and on time,despite all challenges.

STRATEGY AND RESOURCE ALLOCATION

Our strategy to reach growth targets will be through customer satisfaction by further improving service levels, market penetration by pricing competitively, capacity building through new capital investments and cost controls/ productivity improvements.

EXTERNAL STAKEHOLDERS

- Continuous operations throughout the pandemic to transport furnace oil for power generation, enabling the national grid to provide an uninterrupted power supply to its consumers
- Transportation of import and export containers that ensured smooth functioning of mostly disrupted supply chains
- Taking leadership in the provision of essential services in relation to integrated logistics
- Continued service contracts with labour, janitorial and security service providers during the pandemic

PLANET

- Waste water treatment on site.
- Solid waste management
- Certified by the CEA for reduction of noise pollution.
- Solar power generation to support national goals
- Day light harvesting to reduce energy consumption
- Upgrading of equipment to be more energy efficient

RISKS

- Dual pricing pressures from customers and increased cost base
- Sustaining operational margins/ profitability/ liquidity
- Port terminal operators offering free storage

OPPORTUNITIES

- Increased opportunities in the areas of supply chain as a result of the challenges posed by the pandemic
- Smaller industry players' ability to sustain their businesses has become challenging in the pandemic environment, opening opportunities for acquisitions and expansions
- Our ability to innovate
- Increased demand for 3PL and MCC operations

OUTLOOK

- Changes in global shipping / vessel schedules have a significant impact on export consolidation volumes
- Restrictions on imports are creating a negative impact on empty container volumes.
- Expansion of container activities with construction of warehouse, fleet and cold room storage facilities
- Digitisation of key support processes as well as our own operational processes.
- Robotic Process Automation being implemented in operational areas to drive efficiency and accuracy in routine tasks leaving employees free to enhance service excellence.

MARITIME & FREIGHT LOGISTICS

FREIGHT FORWARDING & COURIER

Qatar Airways continued flight operations during the pandemic, helping the business community of Sri Lanka

Sustained operations during the pandemic

Enhanced digitization of the operations of the Express division

The freight forwarding & courier segment constitutes; air and sea freight operations, representatives of international delivery networks, international freight forwarding networks and as general sales agent for air cargo service providers. The focus of the segment is to provide a total integrated end to end solution in logistics incorporating air freight, sea freight, brokerage and supply chain solutions by operating through a worldwide network of agents. We cater to the diverse logistic needs of our customers whilst respecting all regulatory, social and environment guidelines in the countries of operation. The Aitken Spence freight division is a pioneer in the freight forwarding industry in Sri Lanka, having a wide reach through a strong network around the world supported by a regional presence in Maldives and Bangladesh. The express division provides international and domestic last mile delivery services. Aitken Spence Cargo is the exclusive partner of Qatar Airways Cargo, one of the world's leading air cargo service providers.

PERFORMANCE

A significant growth in the profitability of the segment was recorded during the year, despite a marginal decline in revenue, mainly as a result of higher freight rates due to lack of capacity in the market, stringent cost control measures and efficiency improvements across the segment. Performance of the freight division benefited from the increased rates due to capacity constraints which in turn resulted in improved yields. The volumes of the customs house agency declined due to government policy on import restrictions and lack of project related cargo movement.

The express division launched Asendia, an international mailing service targeting the e-commerce export segment, however this is yet to take off in the COVID-19 pandemic environment. At Qatar Airways cargo, we expanded our market share by 5% by operating 235 additional flights during the year to sustain business.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	3,766.0	2,469.3	52.5
Total liabilities (Rs. Mn)	3,015.6	1,859.0	62.2
Employees	290	293	(1.0)
Carbon footprint (tCO2e)	66.2	199.6	(66.9)
Water consumption (m^3)	1,174.6	2,468.3	(52.4)

EXTERNAL STAKEHOLDERS

- Ensured business continuity despite the disruptions of the COVID-19 pandemic, by operating with curfew passes as an essential service. Delivery of Import documents to banks, deliveries within bank branches, export customer deliveries etc., was carried out, indirectly supporting the economy and the Government.
- Provided business continuity to all our principals.
- Multiple options were provided to the customer through one software system which is unique in the industry.

PLANET

- Reduction of paper usage through digitization of operations.
- Maintaining management systems for quality, occupational health and safety and environmental impact control while continuing the ISO 14001:2015 (environmental management) and ISO 9001:2015 (quality management) system certifications of the freight segment.

REALIGN, REINVENT & RELAUNCH: COVID-19 RESPONSE

The following actions were taken to ensure that the operations were carried out smoothly whilst ensuring safety of all staff and stakeholders;

- Promptly obtaining curfew passes and creation of work bubbles and roster schedules to ensure uninterrupted service to customers despite limited staff during difficult times.
- Contactless delivery.
- Making necessary sanitisation facilities available at all operational and office sites.
- Continuous awareness campaigns and posts to educate the workforce on health and hygiene factors.
- Implementation and adaptation of control practices to prevent the spread of the virus.
- Providing the necessary IT infrastructure to work remotely.
- Payments were made online and on time despite all challenges.
- Cost rationalisation.
- Effectively obtaining space and procurement of rates from airlines despite capacity constraints.

STRATEGY AND RESOURCE ALLOCATION

As the COVID-19 pandemic continued throughout the year, our strategy was on digitising our operations, cost rationalization, and expanding domestic delivery. We helped the national cause by continuing flight operations for air cargo services during the pandemic to avoid any interruption to the local export market and operating dedicated cargo flights beyond the normal schedule to carry sensitive cargo such as personal protective equipment (PPE), sanitisers and perishables.

CERTIFICATIONS

- Certified for ISO 14001:2015 (environmental sustainability) and ISO 9001:2015 (quality management)

RISKS

- Reduced income due to stoppage of sea/air movements.
- Space shortage in vessels (ocean freight).
- Pressure on price, as costs escalate due to compliance requirements on deploying staff.
- Issues in transitioning from paper based to a paperless operation.
- Customers demanding a longer credit period and delaying payments.
- Higher freight rates may encourage customers to look at other options.
- Additional surcharges due to COVID-19 by airlines & principals.

OPPORTUNITIES

- Freight rate hike helped increase margins.
- Relationship with airlines enabled preference in space bookings for cargo.
- Network development maximised the potential we have through the networks we represent.
- Cross selling opportunities within divisions/segments
- Develop project cargo handling as there are several new projects being launched
- E-commerce small parcel delivery via mailing services for Asendia

OUTLOOK

- Yields will be higher for airline cargo due to limited flights/space in the short term. In freight forwarding, this environment will be an opportunity to increase margins as contracted rates are no longer valid.
- However, an increase in both air and ocean transportation costs may prompt the customer to look at other options to reduce costs such as near sourcing or alternative cost effective manufacturing locations.
- Space constraint on vessels is expected to continue exerting pressure on rates.
- The pressure on airfreight space is expected to ease in the medium term which would result in a drop in rates.
- Digitisation by port and customs authorities is expected to gain traction this year which will improve ease of doing business.

MARITIME & FREIGHT LOGISTICS

MARITIME & PORT SERVICES

415,540 TEUs handled

SVM project and related cost reductions

Fiji port operated without interruptions

We represent a number of major international container shipping lines which are members of global shipping alliances. In addition, we also represent several regional carriers. The segment also represents 5 European passenger cruise operators to whom services such as vessel husbanding, passenger/crew repatriations, supply of provisions etc., are supplied when calling at all ports in Sri Lanka. We provide agency services to casual callers, petroleum tankers, break bulk and other types of vessels who arrive at the ports of Sri Lanka. The segment also has an equity investment in the two main international ports in Fiji and manages these two ports. The segment provides port management services and equipment maintenance at the port of Mozambique. Our focus is to achieve excellence in the business segments that we currently operate, and expand to establish new business activities in Sri Lanka and overseas, whilst respecting all regulatory, social and environmental guidelines

PERFORMANCE

The segment exceeded its performance expectation during the financial year, despite the slowdown of the global economic activity This was achieved by offering innovative solutions in providing the required services to the clients despite the many challenges faced owing to the pandemic. The liner business which was affected in the first quarter of the year due to the lockdowns and restrictions on imports, was able to return an improved performance for the year with the demand for freight increasing in third and fourth quarters of the year. The cruise business was adversely affected during the year as social distancing and global travel restrictions effectively brought the cruise industry to a halt. The contraction in the Fiji economy due to the COVID-19 affected cargo volumes handled in the ports in Fiji in the initial months of the pandemic. However, the resurgence of economic activity towards the latter part of the financial year resulted in the profitability from port operations being almost in par with that of the previous year.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	6,011.6	5,033.9	19.4
Total liabilities (Rs. Mn)	3,778.9	3,195.6	18.3
Employees	542	626	(13.4)
Carbon footprint (tCO2e)	2,239.9	3,346.9	(33.1)
Water consumption (m^3)	2,181.4	4,583.9	(52.4)

CERTIFICATIONS

The shipping agencies and port management companies are ISO 9001 : 2015 certified. We were the first shipping agent in Sri Lanka to receive ISO certification. The segment maintains management systems for environmental impact control, occupational health and safety and quality. ISO 14001:2015 certification was obtained for one of our shipping agencies representing a major shipping line in Sri Lanka and for the operations at the Fiji ports.

REALIGN, REINVENT & RELAUNCH: COVID-19 RESPONSE

With the announcement of the first lockdown of the pandemic, our industry along with the port, customs and terminals introduced e-platforms to facilitate trade and reduce face to face contact. Considering that shipping and port services were an essential service staff members were provided special curfew passes to report to work and carry out their services. These staff members were provided pick up/ drop facilities using our office vehicles with meals being provided for all in attendance.;

- The industry regulated the number of working days and restricted timelines in servicing customers.
- Online facilities for payments and issuance of delivery orders.
- Our staff was available all weekdays on a roster basis without restricted timelines ensuring all customer needs were fulfilled.
- Email and online communications were extended for importers/exporters to transact instead of manual documents.

STRATEGY AND RESOURCE ALLOCATION

Government policy that restricted non-essential imports and foreign exchange outflows led to a reduction in import traffic for the liner business. Although volumes handled were lower, we benefitted from higher freight rates. The pandemic also saw the suspension of cruise calls and crew repatriation. With these business segments being affected, we concentrated on new business generation. We promoted the prospect of vessel lay ups in Trincomalee and Hambantota ports for vessels idling in the region, looked at new businesses such as the sale of lubricants and targeted niche markets for carriage of export cargo. A stringent cost rationalising programme was also carried out during the year.

RISKS

- Government restrictions on crew repatriation
- Increase in freight rates due to space issues that escalates costs of exporters
- Government restricting imports

OPPORTUNITIES

- Promoting vessel layups for idling vessels in the region
- As long as the current situation of increased freight rates remains, the segment revenues will be positively impacted as commissions increase
- Vessel partnerships created by regional carriers have initiated new service loops to the demand locations of origin/destination ports to take advantage of the vacuum created by the global/ major carriers currently facing logistical and scheduling delays in their service routes

EXTERNAL STAKEHOLDERS

- Supported the reconstruction of a school in Fiji that was affected by the cyclone.
- Fiji Ports supported the Ministry of Education sponsored school books and accessories to students affected by the COVID-19 pandemic
- Providing uninterrupted services to our customers throughout the pandemic

PLANET

- Waste water treatment unit maintained at the Fiji ports removes effluents from waste water to protect marine ecosystems from surface runoff.
- Environmental management systems maintained to increase resource efficiency

OUTLOOK

- Locally, the policy of not allowing crew transfers on commercial flights will reduce movements of vessels and crew to our industry. The domino effects of this policy filters to a lower number of vessels calling for repairs, provisions, lubricants and bunkers as the owners usually combines all of the above activities at one port for economies of scale.
- Globally, cruise operators are not been able to operate due to restrictions by governments/owners. We are hopeful for this industry will return to some degree of normalcy by the end of 2021. The current rise in freight rates from the Far East regions to USA/Europe may also impact the supply chain cycle of Indian subcontinent countries which may as a result restrict space for exports/imports from/to Colombo and the Indian Sub Continent region.

MARITIME & FREIGHT LOGISTICS

EDUCATION

Swift adaptation to online learning

13,939 student registrations during the year

CINEC Campus manages the maritime academies in Fiji and Seychelles.

CINEC Campus is the leading private higher educational institution in Sri Lanka offering courses in the fields of maritime, engineering and technology, health sciences, aircraft maintenance engineering, IT, logistics, international transportation, management, marketing and branding, tourism and hospitality, law, HR, English language and education, banking and finance and vocational training. We have highly qualified and experienced academic staff providing hands-on-training and research opportunities that support local and international industry requirements. Employability of our graduates is currently at 100%.

PERFORMANCE

The Campus was able to secure a growth in its profitability despite the drop in student registrations during the year which was mainly due to the practical/vocational short courses which could not be conducted during the height of the pandemic. Stringent cost control measures adopted stood in good stead in securing an improved performance. The popularity of CINEC designed degree courses, our partnerships with foreign universities and expanding the range of courses we offer have contributed positively to our growth in performance.

EXTERNAL STAKEHOLDERS

- Minimal disruption to study programmes of students due to the COVID-19 pandemic
- Settlement period for course fees by students was extended
- Partnerships forged during the year with foreign educational institutes; a German University for an online MBA programme with training opportunities in Germany and Chisholm Australia which provide TAFE diploma vocational training. Expanded Health Science programmes offered due to steady interest in these courses

REALIGN, REINVENT & RELAUNCH: COVID-19 RESPONSE

- Immediate commencement of online lectures with the onset of the first lockdown of the pandemic, as the campus was already fully equipped with a state of the art Learning-Management System and required IT infrastructure.
- Extended the settlement period of course fees for students
- Effective use of Digital marketing campaigns

STRATEGY AND RESOURCE ALLOCATION

CINEC traditionally partnered with overseas universities in conducting degree and post graduate courses. At present we have strategically developed our own degree courses for which University Grants Commission (UGC) approval was obtained. Students following these courses are eligible to apply for government loans for higher education resulting in attracting a larger student population.

CINEC was successful in the use of social media and direct marketing to reach prospective students during the pandemic.

However, CINEC faced challenges in conducting the practical component of training required for the maritime, health sciences and engineering courses.

Operating Environment

Key Drivers	2021	2020
Number of non-state higher education institutions (NSHEI)	23	19
Accredited local degree programmes offered by NSHEI	183	160

**As of May 2021*

During the year the Ministry of Higher Education worked on obtaining Cabinet approval for the registration and regulation of Non-State Higher Educational Institutions (NSHEIs). This is still work in progress. The formulation of a visa policy for international students is also in progress to enable and regulate international students to pursue studies in Sri Lanka.

RISKS

- Other higher educational institutions offering courses at a lower cost attracting students with lower budgets although the quality of the courses may be questionable
- Devaluation of the local currency would increase cost as royalties to overseas universities have to be paid in foreign currency.
- Challenges in conducting exams in a virtual environment

OPPORTUNITIES

- Expanding the range of courses in the disciplines offered by CINEC
- The equity investment by CINEC in Mercantile Seaman Training Institute (MSTI) would further widen the repertoire of programmes and the capacity that CINEC would have in maritime education
- Introduction of new UGC approved degree courses in the coming year and additional IT related degree programmes with foreign affiliations.

OUTLOOK

In the coming years students will have the ability to follow CINEC courses online or in person, widening the choice for students.

The trend of students looking for courses having migration prospects will also be a positive factor on our student numbers

STRATEGIC INVESTMENTS

The Strategic Investments sector comprises of the Group's investments across power generation, printing and packaging, apparel manufacture and plantations. Operations in these segments provide vital inputs for the export industry of Sri Lanka, thereby contributing immensely towards economic growth as well as sustaining the foreign exchange reserve base of the country.

In congruence with the Government's policy of moving towards making renewable energy the primary source for power generation, the Group expanded its hydro power portfolio in April 2021 with the acquisition of Waltrim Energy Ltd which operates 3 hydro power plants, adding 6.6 MW to the Group's renewable energy capacity. Preceding this investment was the commissioning of Sri Lanka's first ever waste to energy power plant when the Group commenced operations of a 10 MW capacity facility using residual municipal solid waste as its only source of energy.

47.5%
OF GROUP REVENUE

22.6%
OF GROUP MANUFACTURED CAPITAL

Plantations

- Comprises joint venture stake in Elpitiya Plantations, and a plantation management services company
- Elpitiya Plantations owns 13 estates and 17 factories producing tea, rubber and palm oil
- Proposed adventure park to be constructed at the Deviturai estate

Printing & Packaging

- Leading offset / digital printer focused on innovative and high quality solutions that are environmentally sustainable
- Comprehensive portfolio covering packaging, coffee table books and magazine publications, apparel tags and labels and seasonal products
- Digital and offset printing facilities
- Investment in offset and digital printing facility in Fiji

Power Generation

- A diversified energy sector portfolio supplying power to the national grid
- 10 MW waste to energy capacity
- 100 MW thermal power capacity
- 9.1 MW hydro power capacity
- 3 MW wind power capacity

Apparel Manufacture

- Comprises three companies engaged in the manufacture of children's and men's apparel for global brands in the US and UK
- Operating for over 4 decades with a reputation for on-time delivery, high quality and compliance

33.1%	61.4%	91.2%	35.9%
OF GROUP ASSETS	OF GROUP EMPLOYEES	OF GROUP CARBON FOOTPRINT	OF GROUP WATER CONSUMPTION

STRATEGIC INVESTMENTS

Operating Environment

Plantations continued to work throughout the lockdown producing tea, rubber and other crops for export markets. Tea auctions moving to a digital platform supported movement of stocks and established Sri Lanka as a reliable supply destination in the world market. Favourable weather also supported prices which remained buoyant throughout the year. The price and demand for rubber increased due to import restrictions and increased production of personal protective equipment (PPE)

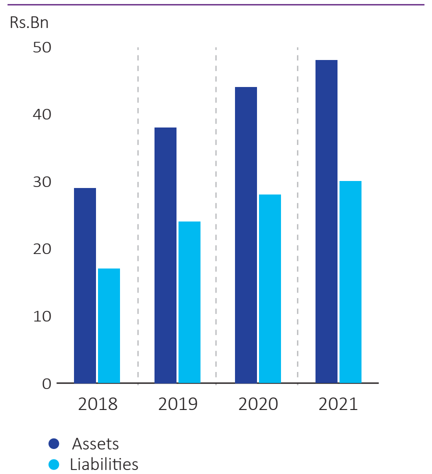
The printing industry was impacted by changes in consumer demand, import restrictions, rising costs of raw materials and freight rates in addition to increased lead times from suppliers and shorter lead times from customers, devaluation of the rupee and capacity restrictions due to safety measures.

The private power sector in Sri Lanka is a significant investor in the supply of renewable energy to the national grid, keeping in line with the Government policy of using renewable sources for power generation replacing fossil fuel. Renewable power sources are adequately available in Sri Lanka and more opportunities need to be provided for private sector developers at various capacities.

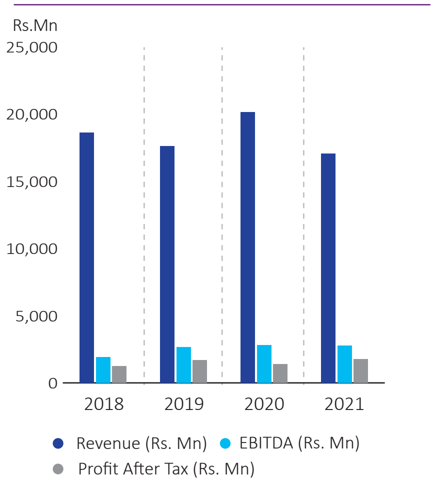
The apparel sector was impacted by subdued demand in key markets, changing consumer behaviour and financial constraints of global fashion retailers. Accordingly, apparel exports declined by 24% resulting capacity utilisation of factories falling sharply from 83% to 56%.

Key Drivers	2020	2019
Plantations		
Tea		
- Production (Mn. kg)	279	300
- Colombo Auction Average Price (Rs./kg)	546.67	633.85
Rubber		
- Production (Mn. kg)	78	75
- Colombo Auction Average Price (Rs./kg)	351.46	288.51
Power Generation		
Installed Capacity of Private Companies (MW)		
- Hydro	410	410
- Fuel Oil	614	628
- Other	272	226
Electricity Generated by Private Companies (GW)		
- Hydro	1,047	1,011
- Fuel Oil	2,717	2,875
- Other	811	750
Apparel Sector		
Total Garments Exports (USD Mn)	3,939	5,205
- US	1,649	2,338
- EU	1,748	2,153
- Others	542	714
Factory capacity utilisation in wearing apparel manufacturing industry (%)	56	83

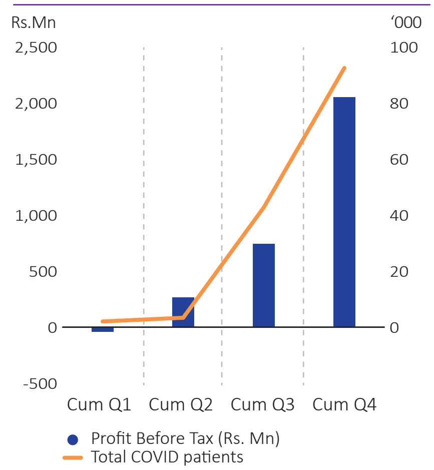
Stability



Profitability



Performance During Pandemic



		2020-2021	2019-2020	2018-2019
FINANCIAL	Revenue (Rs. Mn)	17,043.9	20,133.4	17,613.0
	Profit before tax (Rs. Mn)	2,049.6	1,661.8	1,791.6
	Profit after tax (Rs. Mn)	1,776.0	1,380.6	1,688.9
	Total assets (Rs. Mn)	48,014.4	44,288.8	37,560.2
	Total liabilities (Rs. Mn)	29,662.2	28,453.5	23,549.1
ECONOMIC	Jobs created	12	3	10
	Taxes paid (Rs. Mn)	204.1	302.4	369.5
	Employee Benefits (Rs. Mn)	1,730.7	2,066.7	2,028.3
	Foreign currency generated to the country (Rs. Bn)	3.6	4.3	4.5
SOCIAL	Number of Employees	7,675	8,075	8,235
	Employee female/male ratio (%)	58.0	59.0	60.0
	Investment in training (Rs. '000)	666.5	4,459.8	6,063.0
	Number of joint venture partnerships	6	6	6
	Training hours	14,831.9	10,050.0	22,340.0
	Funds channelled for community development (Rs. Mn)	131.2	118.6	114.7
ENVIRONMENTAL	Total energy consumption (GJ)	218,009.3	212,962.7	232,729.7
	Total energy consumed from non-renewable sources and indirect energy (GJ)	42,561.9	51,302.4	59,401.7
	Total energy consumed from renewable sources (GJ)	175,447.4	161,660.3	173,327.9
	Scope 1 emissions (tCO2e)	313,591.6	315,569.0	254,490.5
	Scope 2 emissions (tCO2e)	4,601.6	6,521.7	7,131.4
	Emissions reduced or offset (tCO2e)	36,797.9	24,522.8	26,576.8
	Total water withdrawn (m^3)	234,194.0	136,878.8	117,961.6
	Amount of waste water treated for reuse or safe disposal (m^3)	30,727.5	36,772.5	45,514.1
	Total amount of solid waste kept away from landfills			
	(tonnes)	1,996.9	5,611.9	5,321.7
	(units)	-	7	5,762
	(Litres of waste oil/ effluents)	442,200.0	527,396.1	509,115.5
	Total investment in sustainability driven processes (Rs. Mn)	21.8	44.5	131.0

Performance

The sector recorded a profit before tax of Rs. 2.0 billion which is a growth of 23.3%. The overall revenue of the sector declined by 15.3% due to the lower revenue from the power generation segment and the printing and apparel manufacturing segments. These declines in revenue where offset to a greater extent through cost rationalisations and efficiency improvements achieved. All four key segments recorded profits during the year albeit the apparel manufacturing segment witnessing a decline in profitability compared to the previous year mainly due to pandemic related issues.

The power generation segment supplies over 5% of the national grid requirement and increased its generation capacity with the commissioning of the waste to energy power plant in December 2020 with its official opening being in February 2021.

STRATEGIC INVESTMENTS

The plantations segment recorded profit growth supported by higher prices for tea and rubber and favourable weather. Mandated wage hike is a significant increase to the cost of production of the plantation, which will become a key issue if prices decline. Crop diversification and non-agricultural investments of the plantation continued its positive contribution towards the profitability of the segment. Diversification support revenue, profitability and sustainable growth of this segment.

The printing and packaging segment reported a profit for the year compared to the loss reported in the previous year. This growth was secured through operational efficiencies which negated the drop in revenue, higher paper and pulp prices and the negative impact due to the Rupee devaluation.

The apparel manufacturing segment faced many challenges during the year recoding a substantial lower number of working days at full capacity. Considering these impediments, it is creditable that the segment was able to remain in profits though at a decline when compared to the previous year.

Alignment to SDGs

The Sustainable Development Goals (SDGs) are 17 goals and 169 specific targets within a world-wide plan of action called 'Agenda 2030' describing local and global development priorities. As responsible corporate citizens and signatories to the UN Global Compact, companies in the Strategic Investments sector contribute towards the SDGs by aligning their operational procedures to 9 goals and 28 specific targets.

More details of these efforts can be perused in the Group's website (www.aitkenspence.com/sustainability) and social media channels

OUTLOOK

The outlook for this sector is mixed due to the varied nature of the industries. The power generation segment made headway through the commissioning of the waste to energy plant and the acquisition of Waltrim Energy Ltd in April 2021. Although the outlook for thermal generation is uncertain the segment is strategically poised to expand its renewable energy portfolio through investments in solar power generation as well.

The plantation segment is also expected to benefit from favourable pricing trends for tea and rubber although the palm oil operations may be impacted by the Government policy of discouraging growth of the commodity. The government mandated wage hike covering all tea producers will have an adverse impact on the profitability of the sector as it does not incentivise productivity and is currently being disputed in courts.

Printing segment is also likely to experience significant challenges in material costs, freight rates and Rupee devaluation which will impact profitability. Timely price revisions, product mix and customer segmentation will be the key to maintain growth and profitability in this industry.

The apparel segment will pursue its strategy of in-house design and development of products while also diversifying into new markets and knitted apparel from its current specialisation in woven apparel. Demand in key markets will be a concern as many countries cope with the scarring of economies by the global pandemic although advanced economies are expected to recover at a faster pace than previously predicted. Overall, the sector necessitates agile strategies to seize the opportunities and manage the risks presented by the uncertain and volatile business landscape.

PLANTATIONS

Proposed development of a unique, ecofriendly adventure park

Highest profit recorded in history of the segment of over Rs.900 million

New businesses gained traction

The segment comprises of the Group's joint ventures in Elpitiya Plantations PLC and the plantation management services company, Aitken Spence Plantation Management PLC. Elpitiya Plantations, which has a market capitalization of Rs. 3.2 billion as at 31st March 2021, owns and manages 13 estates and 17 factories in low, mid and high elevations which cultivate and manufacture tea, rubber, oil palm and other export crops. The segment also has investments in renewable energy, leisure and nature tourism as well as commercial cultivation of fruits and vegetables.

PERFORMANCE

Plantations recorded its best performance since the inception with turnover growth and profit growth aided by favourable weather, higher net sales averages for tea and increased demand for rubber. Oil palm prices increased during the year supporting profitability although the harvest quantities were impacted by Government policy which remains unfavourable to cultivation of oil palm. This was achieved as a result of the company's vision to be different.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	7,910.3	7,360.8	7.5
Total liabilities (Rs. Mn)	2,105.2	2,415.5	(12.8)
Employees	4,965	5,172	(4.0)
Carbon footprint (tCO2e)	3,455.1	3,018.8	14.5
Water consumption (m3)	182,812.7	98,417.2	85.8

STRATEGIC INVESTMENTS

REALIGN, REINVENT & RELAUNCH: COVID-19 RESPONSE

The plantations segment operated throughout the lockdown with stringent safety measures and continued operating despite the risk to employees and others. Tea production continued culminating in the first ever e-auctions as a substitute to the physical tea auctions, thus facilitating the continuation of the business for the tea export segment of the country. As part of the company's digitisation strategy, a key facet of estate management operations was digitised, a first in the plantations industry. Digital platforms were used to connect remote locations where the company has operations thereby ensuring the safety of the staff. Semi Virtual Mobility facilities were also provided to the staff to work from home;

- Elpitiya Plantations has entered into a JV for adventure tourism as another of its strategic diversifications which would be implemented when the macro-economic environment becomes suitable.
- The company has already entered into other non-agricultural areas such as renewable energy by utilising the ample hydro resources available in its estates and has also converted factory rooftops for solar power generation.
- Crop diversification into non-traditional areas such as horticulture and berries has already been implemented by using modern agricultural technologies – the first of its kind in Sri Lanka.
- Enhancing land, labour and manufacturing productivity by identifying suitable crops for geographical locations, providing incentives for higher labour efficiencies and upgrading manufacturing facilities, respectively.
- Value addition to commoditized products is being carried out through developing own brands and positioning them at appropriate niches in the market.
- The segment has explored avenues of utilising e-commerce technologies to connect directly with the end customers with the objective of enhancing competitiveness in the market.
- Elpitiya Plantations has developed a comprehensive and robust sustainability strategy aligned to UN SDG goals: namely, SDG6 – clean water and sanitation, SDG7 – affordable and clean energy, SDG8 – decent work and economic growth, SDG9 – industry, innovation and infrastructure, SDG15 – life on land and SDG17 – partnerships for goals.

STRATEGY AND RESOURCE ALLOCATION

Investments included Rs.343 million in manufacturing facilities, Rs.303 million in crop diversification and Rs.95 million in non-agriculture diversification assets.

RISKS

- Government mandated wage increases
- Unfavourable Government policy on oil palm
- Inconsistent Government policy on agriculture
- Trade union activities in plantations
- Inconsistent weather conditions and climate change
- Prolonged economic downturn due to the pandemic

OPPORTUNITIES

- Geologically diverse lands with natural resources
- Potential for crop and non-agriculture diversification
- Due to availability of low cost finance for investments Elpitiya Plantations is well positioned for leveraging sustainability as a differentiator
- Increasing global demand for rubber products

CERTIFICATIONS

- 6 Rainforest Alliance certified estates
- 7 estates maintaining management systems aligned to the Forestry Stewardship Council certificate standard
- 5 tea estates certified for food safety (ISO 22000/ HACCP: 2005)
- Ethical Tea Partnership

PEOPLE

Over 74% of our workforce are resident on the estates along with their families and a multifaceted community engagement and welfare programme supports their physical and mental health.

Additional support was provided in 2020 by absorbing returning family members into employment, and providing dry groceries and vegetable gardening facilities for community consumption. The segment also supports local suppliers through purchasing mechanisms. A network of local farmers abandoned by their previous buyer was absorbed into the segment's supply chain and the company recertified their organic cultivation license to enable the farmers to continue organic farming.

PLANET

Total direct energy consumption from nonrenewable sources matched by the renewable energy generated by the company, thereby making the company operationally 'carbon negative'.

Elpitiya Plantations is committed to maintaining the highest standards of Good Agricultural Practices, biodiversity conservation and overall sustainability of land and water resources impacted by our operations. Sustainability innovation is the pivot around which we build efficiencies and growth.

OUTLOOK

Tea and rubber prices are expected to remain at a higher level relative to 2020 supporting a positive outlook on these two crops. The Rs.1,000/- wage hike proposed by the government will have a significant impact on margins as its not linked to productivity enhancements. Elpitiya Plantations has been consistently pursuing a strategy of crop diversification which has included palm oil which remains the world's highest consumed edible oil and has the highest productivity per hectare. While Malaysia and Indonesia have 20 million hectares cultivated in palm oil, Sri Lanka has only 11,000 hectares in total. This amounts to less than 2% of all agricultural land in the country with all its cultivation regulated for environmental sustainability. In 2020, Sri Lanka imported 130,000 MT of palm oil for domestic consumption. Inconsistent reports on Government policy regarding palm oil blur the future of this crop and Elpitiya is concerned about the situation, considering its long-term investment strategy.

STRATEGIC INVESTMENTS

POWER GENERATION

Western Power, Sri Lanka's first waste to energy power plant with 10 MW capacity	Hydro Power capacity of 9.1 MW	Ace Wind Power with 3 MW capacity

The Group is a key player in the country's power generation sector with sustained investments in a diversified portfolio encompassing hydro, waste to energy, wind and thermal energy. In keeping with the ethos of sustainability, social responsibility, and environmental stewardship, we generate and dispatch electricity to the national grid using the latest technology and state of the art machinery ensuring clean energy, with minimal impact on the environment. Our newly commissioned waste to energy power plant provides a sustainable solution for safe disposal of residual municipal solid waste, which had been a burning issue in the country for several decades.

PERFORMANCE

Despite the drop in revenue during the year, profitability of the segment remained flat due to savings in consumption and increased process efficiencies and the profits generated by the waste to energy power plant which commenced operations in the fourth quarter of the year.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	21,085.9	21,134.3	(0.2)
Total liabilities (Rs. Mn)	10,339.6	11,151.9	(7.3)
Employees	102	109	(6.4)
Carbon footprint (tCO2e)	313,465.6	315,979.4	(0.8)
Water consumption (m^3)	26,314.3	10,349.6	154.3

REALIGN, REINVENT & RELAUNCH: COVID-19 RESPONSE

While the pandemic did not significantly affect the operation of power plants in terms of power dispatched to the national grid , it caused considerable increases of costs and delays in the construction of the Waste to Energy power plant.

Despite the delays caused by the pandemic, we were able to complete the construction and successfully commission the waste to energy project, which provides the Colombo Municipal Council a complete solution for their solid waste disposal problem. This solution can be easily replicated in other provinces of the country as a solution for the municipal waste disposal issues.

The power plants, both renewable hydro and wind power plants and the thermal power plant were operated despite the pandemic under contingency plans with minimum impact for the business and with some distress for the employees.

STRATEGY AND RESOURCE ALLOCATION

The key priority for this sector is to maintain a continuous power supply to the national grid thereby supporting our sole customer to meet the country's demand for power. This remained our focus during the year as we worked throughout lockdowns as an essential sector.

An experienced team for operations and maintenance is a key strength and high levels of engagement support the retention of this indispensable capital. Focus on efficient operations and maintenance enabled substantial savings through reduced consumption and innovative solutions implemented by a highly motivated team.

RISKS

- Enhancing renewable energy portfolio given the competition and low tariffs for this sector
- Uncertainty of the continuation of thermal power projects.

OPPORTUNITIES

- Generating electricity from residual municipal solid waste. This has significant potential and promising opportunities in Sri Lanka as well as other countries.
- Potential investment opportunity in upcoming LNG power plants
- Potential investment opportunities in upcoming wind and solar power projects

PEOPLE & PLANET

- The segment generates energy for the national grid through cleaner production mechanisms to ensure environmental impact control
- The segment also ensures stringent occupational health and safety standards for their employees while benchmarking policies and procedures with global standards for social sustainability
- Since its commissioning, the waste to energy power plant has converted 46,036 tonnes of waste into 16,245,200 kWh of sustainable energy for the national grid
- The power plant in Embilipitiya has established a plant nursery in their tree belt around the power plant with the capacity to distribute around 10,000 plants to the community and other companies within the Aitken Spence Group.

OUTLOOK

It is apparent that the power generation sector in Sri Lanka is fast moving towards renewable energy from fossil fuels. The Government is envisaging that 70% of the total energy requirements of the country would be generated through renewable energy sources by the year 2030. In our commitment to expand the power generation portfolio with renewable energy projects, the segment acquired Waltrim Energy Limited, which owns three hydropower plants in April 2021. The three mini hydropower plants located in the Nuwara Eliya district, namely Waltrim Hydropower (Private) Limited, Upper Waltrim Hydropower (Private) Limited and Elgin Hydropower (Private) Limited contribute 6.6 MW to the national grid. The increased hydro power generation capacity of the Group stands at 9.1 MW.

Further the segment is moving towards investing in solar power generation by developing rooftop solar projects on roofs of buildings owned by Group companies.

STRATEGIC INVESTMENTS

PRINTING AND PACKAGING

Maintained profitability despite lower revenue and capacity utilisation

Volumes sustained through focused marketing into resilient client segments

Carbon neutral for the 8th consecutive year

Aitken Spence Printing elevates brands and ideas through service driven, value oriented, innovative and sustainable printing and packaging solutions. Operating as a "Value added printing and packaging solution provider" in the printing and packaging market in Sri Lanka it occupies a unique position in the market with a substantial market share in its value added printing and packaging segment.

PERFORMANCE

Despite the lockdowns faced during the pandemic, the printing and packaging segment delivered an increase in profitability in an extraordinarily challenging year. The revenue contracted due to lower business volumes and intense price competition but was strongly supported by aggressive inroads into active sectors such as FMCG and tea exports which experienced strong demand despite the pandemic. Improved profitability is also attributable to operational and cost efficiencies.

However, the Group's investment in Fiji in the printing segment faced many challenges during the year resulting in the investment returning a loss for the year, as operational improvements envisaged where not achieved due to the lockdown and air travel restrictions which spanned the greater part of the year.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	1,910.6	1,913.5	(0.2)
Total liabilities (Rs. Mn)	1,347.5	1,343.2	0.3
Employees	247	246	0.4
Carbon footprint (tCO2e)	69.1	1,823.4	(96.2)
Water consumption (m^3)	8,628.0	10,774.0	(19.9)

REALIGN, REINVENT & RELAUNCH: COVID-19 RESPONSE

- Implementing measures to provide a safe workplace for employees with increased awareness of health risks and to minimise potential dirsuptions. Such measures included provision of transport, lodging and meals as warranted by employee circumstances and aligning shifts with a time lag between them to prevent contamination.
- Strict management of direct cost elements such as subcontracting, overtime, electricity and casual labour leading to improved gross margins.
- Maintaining continuous support for customers in FMCG and pharmaceutical industries to meet increased and urgent demands during the pandemic.
- Ensuring uninterrupted production through proactively managing raw material stock levels, and the timely procurement of raw materials which resulted in cost savings as prices escalated during the pandemic.
- Analysing skills and competency levels of employees and deploying them in most suitable jobs to improve efficiencies.
- Greater focus on planning and scheduling of production processes to optimise on capacity efficiencies
- Implementing SVM for specific departments enabled cost savings for both employees and company.

RISKS

- Potential business interruptions due to the pandemic
- Reduced demand from previously stable, high growth sectors
- Increased credit risk
- Supply chain delays and contraction in the supply of raw materials
- Increased costs of raw materials and logistics
- Rupee devaluation

OPPORTUNITIES

- Opportunities for increasing the share of business in high growth sectors in the new norm
- Optimising the product mix to improve margins
- Driving cost efficiencies
- Opportunities to enhance customer satisfaction by becoming a dependable supplier in a volatile environment.

PEOPLE

- Located in a village, social licence is a key factor in our operations. We worked with local health authorities to ensure safety of operations, addressing concerns of residents.
- The segment supported the communities of the locality in preserving their livelihood during lockdown

PLANET

- Aitken Spence Printing retains its "carbon neutral" status for the 8th consecutive year by offsetting 1,388 tonnes of Carbon Dioxide Equivalents (CO2e)
- In keeping with the Group's strategy of increasing investment in renewable energy the segment proposes to utilise its roof space to install a 724 kW solar system.

OUTLOOK

The year ahead presents a multitude of challenges as the pandemic takes a further toll on the country, changing consumer habits and behaviours which impact the demand for printed products. Lower output from mills due to closures and supply chain issues are expected to increase the price of raw materials, which together with increased freight costs, will exert pressure on margins at a time when pricing sensitivity is very high. Devaluation of the Rupee exacerbates the issues as most inputs are imported.

Our plans include focusing on growth sectors in the new normal. Productivity and cost efficiencies will be key to profitability and will be a priority area of focus. Successfully managing working capital whilst maintaining increased buffer stocks to ensure uninterrupted production will fortify competitiveness and enhance customer satisfaction which will be vital for the segment's success in the forthcoming financial year.

STRATEGIC INVESTMENTS

APPAREL MANUFACTURE

Design and development of new products	Diversifying our product mix and customer base	Meeting and exceeding brands/customer expectations	Supporting cash flows of stakeholders

This segment comprises of three entities engaged in the manufacture of apparel for global brands primarily based in the United States and United Kingdom. A reputation for on-time delivery of high quality garments manufactured under global standards for compliance built over four decades of service excellence provides a competitive edge for this agile segment.

PERFORMANCE

The apparel manufacture segment delivered a commendable performance despite subdued demand from consumers by remaining flexible about strategy and acquiring new customers. Profitability was the key focus and this was achieved through cost rationalisation programmes supported through innovative revenue enhancing measures. The carbon and water footprints decreased due to production process efficiencies which had a positive impact on the profitability as well.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	1,640.5	1,779.3	(7.8)
Total liabilities (Rs. Mn)	1,031.7	1,130.1	(8.7)
Employees	2,203	2,377	(7.3)
Carbon footprint (tCO2e)	1,203.4	1,221.0	(1.4)
Water consumption (m^3)	16,439.0	17,338.0	(5.2)

REALIGN, REINVENT & RELAUNCH: COVID-19 RESPONSE

As the demand declined in source markets, the segment faced significant issues ranging from cancellations of already confirmed orders, requests for discounts for shipped items and delayed payments from customers facing tightened cash flows. Subsequent to negotiations with the buyers, the segment was able to reduce the adverse impact though solutions such as deferment of production, extended customer credit periods for settlements without discounts and concessions from customer nominated raw material suppliers to settle outstanding payables. The segment was able to obtain production orders for Personal Protective Equipment (PPE) which enabled the continuous operation of production facilities. Subsequently, production of shirts re-commenced in August/September albeit at lower volumes as there was demand for the product at viable prices.

During the year, the segment repositioned itself to design and develop products in house, focusing on producing a quality product leveraging the knowledge gained from over four decades in the business. Products developed in-house are now gaining traction, enabling the increase in value addition. The new approach has the added benefits of improving supply chain efficiencies supporting improved cost and operational efficiencies and faster turnaround times.

Occupational health and safety, extending cash runways and avoiding retrenchments were key priorities during the year which were well managed with proactive strategies. The segment was also able to secure working capital funding at concessionary interest rates following the government initiative to offer assistance to COVID-19 affected industries

STRATEGY AND RESOURCE ALLOCATION

Design and development of new products, and the securing of new customers were the game changers during the year as it supported business volumes which declined in the aftermath of the pandemic. Venturing into production of face masks supported cash flows, particularly in the initial months. Cost rationalisation was a priority throughout all factories to support liquidity. Health and safety of employees remained a priority with measures implemented along the guidance from local healthcare officials which also included the change in workflow layout to minimise risk of infection and the provision of all required PPE for all employees.

RISKS

- Duration of the pandemic and resultant impact on demand in the Western markets
- Health and safety of employees
- Business interruptions
- Longer working capital cycle and liquidity
- Higher credit risk
- Potential loss of skilled workforce

OPPORTUNITIES

- Diversify product base with our own designs into new areas such as pants and children's jackets
- Tensions in international trade may offer new market and customer acquisition opportunities
- Temporary demand for personal protective equipment

CERTIFICATIONS

- Aligned to the local and global benchmarks such as the Worldwide Responsible Accredited Production (WRAP) certification and the Compliance+ standard of the Employers Federation of Ceylon
- Awarded the Ceylon National Chamber of Industries- National Merit award for the year 2021

EXTERNAL STAKEHOLDERS

Enabling income streams for local SME businesses, the washing, embroidery, and printing process were outsourced.

PLANET

The segment proposes to utilise the roof space of both factories to generate solar power of 500 KV at Koggala and 450 KV at Matugama by July 2021

OUTLOOK

Demand for apparels is expected to increase over the next year with the rollout of vaccines in the advanced economies and the revitalisation of economic activities. Additionally, the strained trade relations between China and the US has the potential to offer opportunities to local companies with the possibility that the flow of orders may be re-routed to Sri Lanka. Retention of customers will be the key to the segment's operation and it also plans to diversify the product mix to 50% knit and 50% woven, thus expanding the range of products offered to the market.

SERVICES

Our Services sector caters to niche markets representing international franchises for money transfer services, elevator agency and insurance consultancy services. Our property management segment, which owns and manages Aitken Spence Towers, also contributes to this sector. This sector focuses on several key areas that support Sri Lanka's long-term economic growth. The elevator segment is directly linked to the construction industry, a large contributor to national GDP. Inward remittances, the second largest source of foreign exchange to the country is facilitated through money transfer services.

4.1%
OF GROUP REVENUE

3.6%
OF GROUP MANUFACTURED CAPITAL

Money Transfer Services

- We are the largest representative of Western Union in Sri Lanka with over 50% of the market share.
- During the year we commenced representing MoneyGram and Ria, the 2nd and 3rd largest players in the money transfer market.

Elevator Agency

- Sole distributor for OTIS elevators, escalators and moving walkways in Sri Lanka and Maldives and the second largest player in the market.
- OTIS elevators are renowned for their safety features and environmentally friendly characteristics.

Insurance

- Agents to Lloyd’s of London since 1876.
- Provides survey and claims settlement services, risk management and other ancillary insurance consulting services in Sri Lanka and the Maldives.
- Marine survey and claims settlement agents for W K Webster’s and other global and regional leaders in the insurance industry.
- The insurance brokering operations provide risk transfer solutions to corporates and individuals.

Property Management

- Owns and manages Aitken Spence Towers located in Vauxhall Street, Colombo.

3.0% OF GROUP ASSETS

2.1% OF GROUP EMPLOYEES

0.3% OF GROUP CARBON FOOTPRINT

1.0% OF GROUP WATER CONSUMPTION

SERVICES

PERFORMANCE

Sector revenue decreased by 19.0% to Rs. 1.4 billion during the year. However, stringent cost control measures across all segments resulted in the profit before tax of Rs. 392.5 million an increase of 31.8%.

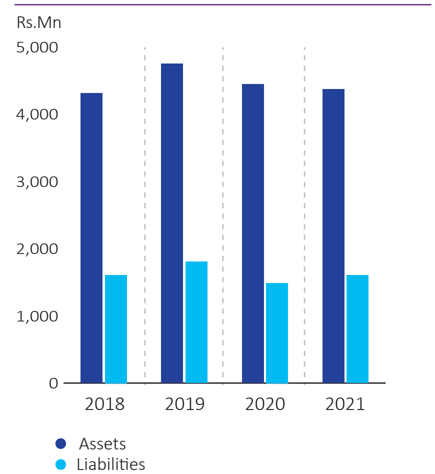
Money transfer services reported a substantial growth in profitability, compared to the previous year. Exponential growth of the direct to bank product resulted in this increase, although the demand for cash pick up services decreased. Cost control measures also contributed to increasing profitability.

The elevator agency also recorded a profit growth this year; both Sri Lankan and Maldives operations were profitable. Revenue in this segment decreased 21.4% as the number of elevators sold declined during the year and challenges arose on maintaining and servicing of elevators due to health and safety concerns. Our cost rationalizing drive resulted in significant savings that contributed to profit growth.

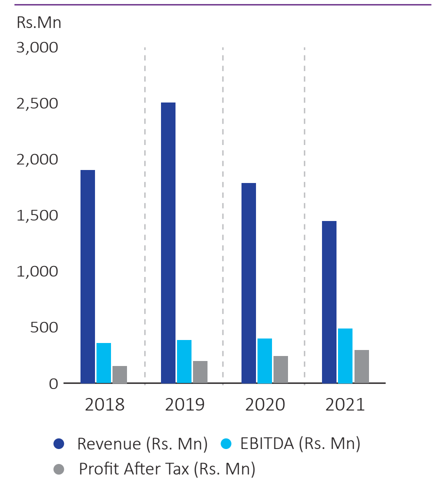
The insurance segment retained its profitability compared to the previous year, with a marginal growth in its profit before tax, despite the 16.4% decline in revenue compared to the previous year. Our service excellence and efficiency in operations enabled this higher profitability regardless of the more subdued economic conditions.

Property management recorded a decrease in revenue of 19.1% and a decrease in profit before tax of 32.0%. Tenants requiring less office space due to work from home (WFH) practices gaining momentum and requesting for discounts in rent, adversely affected segment performance. Vacated commercial space remains a phenomenon of the COVID-19 pandemic worldwide, as well as in the heart of Colombo, and remains a significant challenge to overcome, even as we offer discounts to potential tenants.

Stability



Profitability

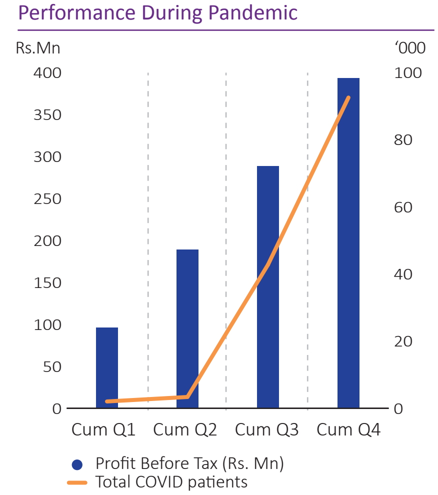


Alignment to SDGs

The Sustainable Development Goals (SDGs) are 17 goals and 169 specific targets within a world-wide plan of action called 'Agenda 2030' describing local and global development priorities. As responsible corporate citizens and signatories to the UN Global Compact, companies in the Services sector contribute towards the SDGs by aligning their operational procedures to 6 goals and 14 specific targets.

More details of these efforts can be perused on the Group's website (www.aitkenspence.com/sustainability) and social media channels.

Performance During Pandemic



		2020-2021	2019-2020	2018-2019
FINANCIAL	Revenue (Rs. Mn)	1,446.2	1,784.7	2,501.8
	Profit before tax (Rs. Mn)	392.5	297.8	268.9
	Profit after tax (Rs. Mn)	294.4	239.2	196.4
	Total assets (Rs. Mn)	4,368.9	4,443.2	4,745.6
	Total liabilities (Rs. Mn)	1,600.2	1,486.9	1,805.9
ECONOMIC	New Jobs created	-	38	7
	Taxes paid (Rs. Mn)	104.1	141.1	167.9
	Employee benefits (Rs. Mn)	341.5	389.4	392.7
	Foreign currency generated to the country (Rs. Bn)	38.8	24.4	23.2
SOCIAL	Number of employees	263	288	280
	Employee female/male ratio (%)	13.3	11.5	11.4
	Training hours	2,314.8	2,485	3,041
	Number of joint venture partnerships	3	3	3
	Number of elevators installed	122	191	216
	Number of elevators maintained	1,731	1,653	1,487
	Number of trained team members for OHS, first aid and emergency response	48	45	47
ENVIRONMENTAL	Total Energy consumption (GJ)	5,590.2	7,751.2	8,306.0
	Scope 1 emissions (tCO2e)	69.5	133.2	155.1
	Scope 2 emissions (tCO2e)	947.2	1,204.7	1,253.7
	Emissions reduced or offset (tCO2e)	5.8	6.8	8.6
	Total water used (m3)	6,615.5	14,472.9	13,924.7
	Total amount of solid waste kept away from landfills			
	(Tonnes)	6.8	16.2	17.7
	(Units)	84	94	2,022
	Total investment in sustainability driven processes (Rs. Mn)	2.2	12.7	11.2

OUTLOOK

Innovation across the segments with the support of our principals will be our way forward, as we navigate an increasingly uncertain environment with the COVID-19 pandemic that shows no signs of abatement. Money transfer services will continue to grow with the direct to bank product and new relationships formed with industry giants. The elevator agency has forecasted increased growth in elevator sales and maintenance contracts as the construction industry shows signs of recovery. Insurance will look at new paths to expand services by venturing overseas and continue with their business model that was modified to suit the restrictions of the pandemic. The property management segment whilst looking at pursuing new tenants will also look at concepts such as 'co-working places'; short term rentals for companies requiring office space.

SERVICES

MONEY TRANSFER

Remittances growth of over 40%	Expansion of product portfolio	Forged partnerships with two international heavy weights in the money transfer market

MMBL Money Transfer represents Western Union, Ria and MoneyGram money transfers services in Sri Lanka and is the market leader for Western Union inward remittances. Workers' remittances which is a significant contributor to GDP averaging around 8% during the last two decades, supported foreign exchange earnings of the country which amounted to USD 7.1 billion and exceeded the trade deficit providing a cover of approximately 118%. An exceptional performance was recorded by MMBL this year, outpacing Sri Lanka's remittances growth of 5.8% with a strong growth of over 40%.

Operating Environment

	2020	2019	Change %
Inward remittances- USD million	7,104	6,717	5.8

A significant decline in workers' remittances was recorded from March to May 2020 as migrant workers returned home and those abroad faced reduced compensation and job losses. However, a healthy growth was observed thereafter with remittances in the month of December 2020 recording a historical high. After declining for 3 years continuously, workers' remittances grew by 5.8% in 2020.

PERFORMANCE

Exponential growth in direct to bank transactions that required minimum marketing expenditure resulted in profit before tax quadrupling compared to the previous year despite the many challenges we faced due to the COVID-19 pandemic. Partnerships we forged during the year with Ria and MoneyGram and increasing our reach by expanding our sub representative network also factored into this growth.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	377.7	141.8	166.3
Total liabilities (Rs. Mn)	330.2	129.3	155.3
Employees	40	42	(4.8)
Carbon footprint (tCO2e)	54.4	118.9	(54.3)
Water consumption (m^3)	335.6	705.2	(52.4)

REALIGN: COVID-19 RESPONSE

Our strategy was directed at enhancing efficiency, increasing the flow of direct to bank transfers and creating a one stop shop at all our sub-representative locations. We were 'next door' to our customers, delivering remittances to their doorstep through our sub representatives and field staff at no extra cost, under strict COVID-19 guidelines and with the approval of the Central Bank of Sri Lanka. MMBL was the first to launch this service on behalf of Western Union worldwide.

REINVENT & RELAUNCH

As a result of competitors coming on board to represent the same money transfer services as ours, volumes declined in the cash to cash business. A shift in volumes was also witnessed to bank transfers supported by digital money transfers utilising apps. Having previously developed and introduced the Western Union Direct to bank product, MMBL was well positioned to capitalize on this opportunity to enhance its share of the money transfer market. MMBL also secured the representation in Sri Lanka for MoneyGram and Ria and widened coverage by expanding its sub representative network.

EXTERNAL STAKEHOLDERS

- Increased our reach by a further 222 locations island wide.
- Supported expatriate workers by setting up facilities at construction sites to enable remitting money to their home countries.
- Utilised social media platforms for marketing of products and services.
- MMBL supported promotions to develop key corridors for the Sri Lankan market. This included providing information in Sinhalese and Tamil to enable clear communications to Sri Lankans overseas.

PLANET

- WFH practices that ensured the health and safety of employees helped to minimize the usage of company vehicles and motor bikes.
- Expanded the 'formless' process; transacting without a form with information being given verbally over the counter. Printing of transaction books had reduced significantly by more than 50% as a result.

RISKS

- Sustaining and increasing cash pick up transactions due to the government initiative of paying an additional Rs. 2/- per USD remitted by workers into the country. However, this is currently applicable only to licensed commercial banks.
- Increased competition from commercial banks who are leveraging on their branch networks.

OPPORTUNITIES

- Approximately 80- 85% of the remittance market can be identified as direct to bank accounts transfers creating vast growth potential for our direct to bank product.

OUTLOOK

There is a possibility for inward remittances to decline in the coming year as an increasing number of foreign workers return to the country due to loss of employment and the probability of individuals reverting to illegal channels to transfer money when there is a return to stability. Competition is also likely to increase with new players in the market and while we may see a drop in market share, we expect growth from the direct to bank product. The accommodative monetary policy followed in other parts of the world may also result in higher inward remittances as individuals take advantage of the higher interest rates offered in Sri Lanka.

SERVICES

ELEVATOR AGENCY

Enhanced working capital management

Cost rationalisation

ISO 9001, 14001 and 45001

We are the sole distributor for OTIS elevators, escalators and moving walkways in Sri Lanka and Maldives. Our commitment is to provide outstanding performance while adhering to our core values of safety, integrity and accountability. As the second largest player in the elevator market in Sri Lanka and a leading player in the Maldivian market, this segment recorded a profit for the year from a loss in the previous year, amidst the many challenges faced.

Operating Environment

Key Drivers	2020	2019
Construction sector		
- % of GDP	6.2	6.9
- % Growth	(13.2)	4.0

Construction activities contracted 13.2% during the year due to lack of mega projects, cash flow issues in the sector and lockdowns. The decrease in the supply of cement and imports of building material by 11.5% and 29% respectively also contributed to the decline in construction activities. Meanwhile the all construction cost index increased 2.6% in 2020 indicating higher costs for the industry.

PERFORMANCE

Revenue from installations and maintenance services decreased during the year. The segment recorded a profit before tax against the net loss reported in the previous year despite the COVID-19 pandemic affecting our sales. Stringent measures to control costs at the sites and office, renegotiation with subcontractors for a 20% reduction in prices and improved working capital management processes which reduced finance costs by approximately 50% contributed to the profit growth of the company. The Maldivian operation also remained profitable although revenue decreased.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	707.9	721.0	(1.8)
Total liabilities (Rs. Mn)	460.0	513.0	(10.3)
Employees	185	203	(8.9)
Carbon footprint (tCO2e)	79.1	96.6	(18.1)
Water consumption (m^3)	1,678.0	3,526.1	(52.4)

REALIGN: COVID-19 RESPONSE

- Discounts offered to customers on maintenance contract renewals.
- Extended maintenance contract for skipped services during the lockdown.
- Introduced customer doorstep document collection.
- Provided services throughout the COVID-19 lockdown for government hospitals and offices by obtaining curfew passes.

REINVENT & RELAUNCH

As the COVID-19 pandemic gathered pace the Company introduced new safety features in elevators to minimise the spread of the virus. These included touch-less call buttons, touchless car operating panels, air purifiers and voice announcements on safety measures for COVID-19.

CERTIFICATIONS

- ISO 14001:2015 on environmental management systems
- ISO 45001:2018 on occupational health and safety management systems
- ISO 9001 on quality management system

RISKS

- Restricted access to service and installation sites due to health and safety concerns stemming from the COVID-19 pandemic
- Contraction in the construction industry
- Delays in importing and clearing of goods
- Increase in unit prices and freight costs

OPPORTUNITIES

- Innovative safety measures that minimises the risk of spread of COVID-19 inbuilt to new OTIS elevator products

EXTERNAL STAKEHOLDERS

- Donated a PCR test chamber to the Medical Faculty of the University of Colombo
- Donated hand washing sinks to the Medical Faculty of the University of Colombo and De Soysa Hospital for Women
- Donated dry rations packs to underprivileged families during the COVID-19 pandemic
- We continued to carry out our monthly services to all governmental organisations during the year despite the pandemic.

PLANET

- Documents digitised and stored on a cloud network to enhance accessibility to relevant employees as well as to reduce interdepartmental paper usage.
- Renewal notices for private sector maintenance agreements digitised
- The operation was certified for ISO 14001:2015 (environmental management system), and ISO 45001:2018 (occupational health and safety management system) during the year. Along with the segment’s ISO 9001:2015 certified quality management system, the company officially became the first elevator agency in Sri Lanka to have a certified integrated management system.

OUTLOOK

Increase in freight rates, depreciation of the Sri Lankan Rupee and import restrictions are some of the challenges that we will encounter in the near term. There is a strong pipeline of projects with activations on hold by the private and public sectors. Construction of low income housing projects by the UDA and landmark projects nearing completion such as Altair, Hyatt and ITC are some of the projects that we are involved in.

We are also collaborating with the CINEC Campus to build an elevator training tower to create a skilled talent pool equivalent to NVQ level 3 & 4.

SERVICES

INSURANCE

Deploying technology for business continuity

Maintained profitability despite disruption

65% of the marine survey market in Sri Lanka

The Insurance segment provides marine and survey claim settlement services for prestigious principals such as Lloyds, W K Websters and other global/regional leaders in the insurance industry. Our relationship with Lloyds spans more than 100 years. Our share of the marine survey market in Sri Lanka is approximately 65%. We also have an insurance brokering operation providing risk transfer solutions to cooperates and individuals.

Operating Environment

Key Drivers	2020	2019	% Change
Imports (USD million)	16,055	19,937	(19.5)
Exports (USD million)	10,047	11,940	(15.9)
FDI (USD million)	670	1,189	(43.7)

The insurance sector at Aitken Spence greatly relies on external trade and foreign direct investment to generate business volumes.

Imports declined in 2020 due to restrictions imposed by the government on imports of non-essential goods. Exports also decreased, on the back of lower demand from export destinations, disruption in global supply chains and disruptions to production caused by the 1st and 2nd waves of the COVID-19 pandemic in Sri Lanka. FDI flows into the country also was lower than the previous year.

PERFORMANCE

We were able to maintain a positive growth in profits this year and we successfully continued our positive growth over the last few years despite the pandemic infused economic negativity worldwide. New business was generated through relationships with our principals underpinned by the quality and reliability of our services.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	143.6	117.6	22.1
Total liabilities (Rs. Mn)	33.1	31.5	5.1
Employees	14	16	(12.5)
Carbon footprint (tCO_{2e})	14.1	27.6	(48.9)
Water consumption (m^3)	335.6	705.2	(52.4)

REALIGN: COVID-19 RESPONSE

We adapted to "work from home" (WFH) as the first lockdown was imposed with minimal operational disruption. Surveyors would visit sites directly from home and inspections were carried out in a flexible manner to suit the convenience of clients. Notifications of renewals and risks were provided without interruption.

REINVENT & RELAUNCH

Our principals were accommodative and granted concessions and leeway during the year which was vital to maintain effective continuity of services. We maintained consistency in providing our services despite WFH by carrying out inspections physically, via video and via documentation, to suit the convenience of clients. The quality and dependability of our services were not compromised. Due to travel restrictions between borders we outsourced interventions in Maldives to surveyors based in that country. In Sri Lanka too, we engaged supervisors from various local districts to reduce travel time and use of resources.

RESOURCE ALLOCATION

Our main strategy has been exposing staff to all aspects of our operation and maximizing utility value, whilst enhancing our operational effectiveness, especially in the new norm. To maximize the effect of our technical expertise, reputation and visibility in the brokering business, we are actively pursuing venturing into overseas markets.

We have given our staff additional operational responsibilities and are strengthening the team in the areas of marketing/new ventures..

RISKS

- Government imposed Import restrictions had a negative impact on the volume of our potential interventions.

OPPORTUNITIES

- Our ability to rely on a network of associates in the local provinces and Maldives, which has given us a distinct advantage during this period of travel restrictions.

EXTERNAL STAKEHOLDERS

- Networks/principals were very appreciative of our efforts in providing services and situational updates.
- Support provided to the Superintendence of cargo de SADE of France in the integrated water supply/purification project.
- Engaging supervisors from the North and East of the country.

PLANET

- Employee engagement and participation to reduce individual carbon footprint and resource consumption by attempting initiatives such as car-pooling and reducing paper consumption.

OUTLOOK

Restrictions faced due to the COVID-19 pandemic fast tracked certain innovative measures such as remote inspections, use of associates and reduction in movement. This is likely to continue/expand. Accordingly we would need to create a wide network of associates, which is already in the making. Our ability to adapt to these requirements innovatively will define how we will face the future. We are also planning on venturing into new areas/markets as the scope for growth within the existing operations will continue to be challenged in the COVID-19 landscape.

SERVICES

PROPERTY MANAGEMENT

Challenges in revenue management

WFH practices reducing need for office space

Maintained Government mandated health and safety protocols for COVID-19

Our property management segment owns and manages over 195,000 square feet of office space at Aitken Spence Towers in Vauxhall Street, Colombo. Located in the heart of the commercial capital in the country with ease of access, in built state-of-the-art technological features and an up-to-date building management system, it is one of the most sought out commercial spaces in Colombo.

Operating Environment

- The COVID-19 pandemic resulted in many entities experiencing cash flow issues compelling a move to lower grade buildings or more affordable real estate.
- WFH arrangements going hand in hand with reduced commercial space, affecting occupancy levels and rental rates of commercial real estate negatively
- Significant increase in inquiries on services and private offices in co-working spaces in Sri Lanka

PERFORMANCE

Due to these unfortunate circumstances during the year, the property management segment offered a 20% reduction in rent to the tenants. This resulted in the property management segment reporting a decrease in revenue and profit before tax of 19.1% and 32.0% respectively. Clients also required less floor space as WFH practices gained traction.

	2020-2021	2019-2020	Change %
Total assets (Rs. Mn)	3,139.4	3,462.5	(9.3)
Total liabilities (Rs. Mn)	583.9	620.1	(5.8)
Employees	23	24	(4.2)
Carbon footprint (tCO_{2e})	869.1	1,094.8	(20.6)
Water consumption (m^3)	4,266.3	14,472.9	(70.5)

REALIGN, REINVENT & RELAUNCH: COVID-19 RESPONSE

Subsequent to the Easter Sunday attacks in 2019 and the COVID-19 Pandemic outbreak that followed in 2020, the segment made significant investments to provide a safe working environment to the tenants occupying Aitken Spence Towers at Vauxhall street. The segment maintained and continued to conduct body scans and baggage scans at the corporate office in addition to increasing the security personnel manning the entrances to the office complex.

The segments response to the COVID-19 pandemic was also instantaneous with the necessary safety procedures implemented in March 2020 in full compliance with Government measures. All employees and visitors entering the office complex are subject to temperature checks and necessary measures implemented for proper sanitisation of the premises. The segment installed sanitary chambers at the head office entrances and installed sanitiser bottles at each floor adjoining the elevators so customers and employees can always sanitise and safeguard themselves. They also installed touch-free elevator buttons inside and outside the elevators to ensure safety for all who enter the buildings and also installed an inbuilt system in the lifts to limit passengers to maintain social distancing.

RISKS

- WFH practises reducing the need for office space
- Oversupply of commercial space in prime locations creating intense competition among players
- Maintaining health and safety protocols as mandated by the Government to curb the spread of COVID-19
- Maintaining tight security measures especially in light of incidents such as the Easter Sunday terrorist attacks

OPPORTUNITIES

- Discounts in rent offered to potential clients may encourage those looking for office space at a prime location in Colombo
- Safety features such as elevators being upgraded with sensor screens instead of touch screens and sensors being able to detect a limit of 5 people per ride will be an advantage in this environment of heightened safety and health concerns

EXTERNAL STAKEHOLDERS

- Discounts and lease rentals were offered to existing and potential tenants
- Health and safety protocols were maintained and strengthened ensuring the safety of our tenants

PLANET

- Segregation of solid waste to support the Group's efforts to achieve zero waste dumping to landfills
- Bins provided to support employees to safely dispose batteries and mobile phone parts. Once these bins fill up, the collected waste will be handed over to authorised service providers for recycling.

OUTLOOK

We face significant challenges in renting our office space due to an oversupply of commercial space in the market. We are looking at developing a new model for utilisation of the building space as a consequence of the COVID-19 situation where many companies are endeavouring to reduce office space with WFH methods becoming more popular even with employees

OUR HISTORY

1868

In the southern port city of Galle,Thomas Clark and Patrick Gordon Spence ventured into a partnership as merchants and commission agents under the name of “Clark & Spence”.

1873

Name of the partnership in Colombo was changed as Aitken Spence & Company, after the two brothers Edward and S.R. Aitken joins Thomas Clark and Patrick Gordon Spence.

1876

Lloyds of London appointed Aitken Spence & Co., as the agents for Ceylon- a position which the Company holds to this date.

1952

The last Chairman of the founding families, P.W.G Spence Retires in 1952. The company is further strengthened and registered as a Private Limited Liability Company.

1974

The first resort hotel of Aitken Spence Neptune Hotel was constructed in Beruwala designed by the renowned architect Geoffrey Bawa. Neptune now is re-branded as Heritance Ayurveda.

1977

The Company which is an IATA agent moved into inbound and outbound travel, and Aitken Spence Travels Ltd was incorporated.

1981

Commenced operations of Triton Hotel, the first five star beach resort in Ahungalla, later to be re-branded as ‘Heritance Ahungalla’.

1983

The Company shares were quoted for the first time in the Colombo Stock exchange with an issued share capital of Rs. 51 million.

1985

Printing business which was successfully carried out as a division of Aitken Spence & Co. was separated and Aitken Spence Printing (Pvt) Ltd was incorporated.

Ace Containers (Pvt) Ltd, was incorporated, taking over the inland container terminal at Mattakkuliya.

1993

Entrance into the Maldivian tourism sector with the acquisition of Bathala Island resort in Maldives establishes Aitken Spence as the pioneers in this field.

1994

Commenced commercial operations of Heritance Kandalama, one of the world’s defining ecologically conscious hotels and becomes the first Asian hotel to receive the prestigious Green Globe 21 certification.

2007

Aitken Spence obtained the management of four hotel properties in Oman, becoming the first Sri Lankan hospitality company to enter the Middle East. During that same year the Group becomes the first Sri Lankan company to venture into ‘Port Efficiency Management’ outside Sri Lanka.

2005

The 100 MW thermal power plant at Embilipitiya was completed and commenced its commercial operations.

2002

Welcoming the Government’s decision to invite the private sector for generation of power, the first 20 MW thermal power plant is completed in Matara.

1996

The first theme hotel in Sri Lanka 'The Tea Factory' commences operations. The hotel is awarded the Building Conservation award by the Royal Institute of Chartered Surveyors London.

2008

The Group opened ‘Adaaran Prestige Vadoo’ the fifth luxury villa in close proximity to the Male atoll.

Aitken Spence Corporate office is relocated to Aitken Spence Tower II with the completion of the construction of a luxurious office complex.

2012

Aitken Spence Printing relocated to a state of the art printing facility which is the first LEED’s certified printing facility in Sri Lanka.

2013

Aitken Spence Maritime sector expanded its global presence by venturing in to port management business in the Fiji Islands. Becomes the first international port management company to operate in the Fiji Islands

2015

Launched the 140 room Turyaa Chennai as the first property owned in India by the Aitken Spence Group.

2020

2020 witnessed one of the worst pandemics of modern history, COVID-19. The group overcame unprecedented challenges to start operations of the first Waste to Power energy plant in the country. Tourism sector kept afloat while the other sector performance stood as a testimony to the Groups' diversification strategy.

2019

Heritance brand is launched outside Sri Lanka for the first time as the group embarks on a journey to Realign, Reinvent and Relaunch.

2018

Commenced construction of Heritance Aarah, the first Heritance property in the Maldives. Commenced construction of the first ever waste to energy power project in the country which is expected to contribute 10 MW of energy to the national grid upon completion.

2016

The Group acquired the 150 room four star property Al Falaj in Oman to become the first Sri Lankan company to own a four star property in Oman.

INVESTOR INFORMATION

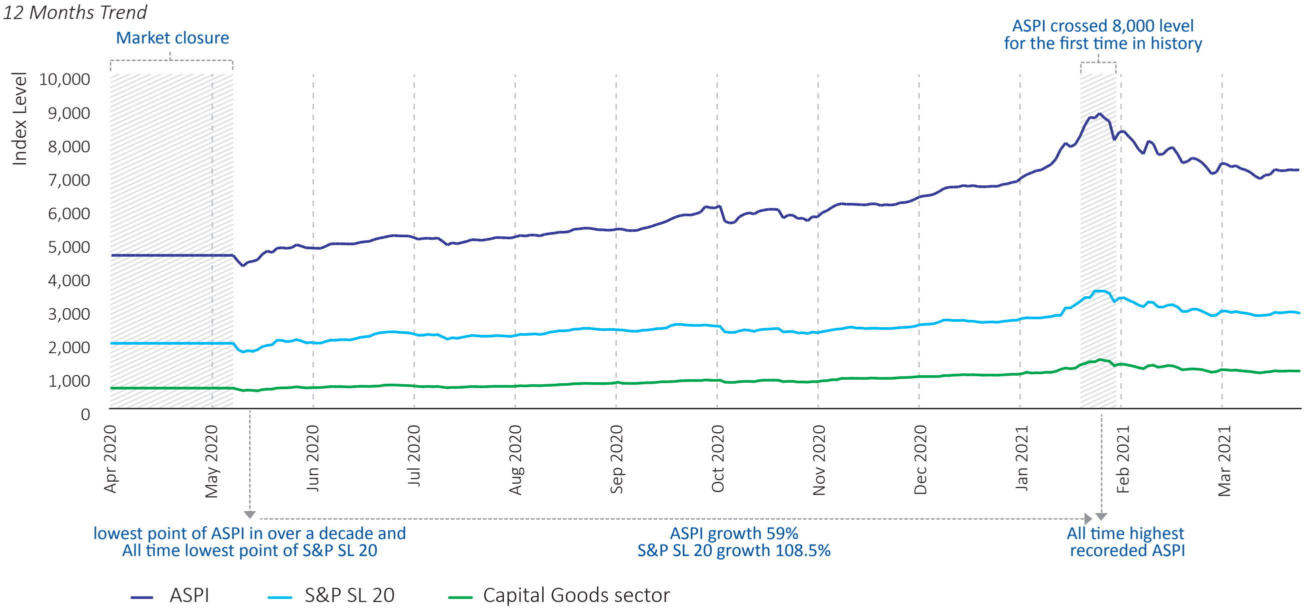
Stock Exchange Listing

Company Name	: Aitken Spence PLC
Stock Symbol	: SPEN.N0000
ISIN	: LK0004N00008
Security Type in Issue	: Quoted Ordinary Shares
Listed Exchange	: The Colombo Stock Exchange (CSE)- Main Board
Market Sector	: Capital Goods Sector
Featured Stock Indices	: All Share Price Index (ASPI), S&P SL 20 Index, Capital Goods Sector Index

The Colombo Stock Exchange (CSE) experienced short-term volatilities throughout the year due to unprecedented challenges created by the COVID-19 pandemic. However, the Market Capitalization grew nearly a trillion rupees since mid-May to end of December 2020 reaching its all-time high level of Rs. 3,852.10 billion on 27th January 2021. All Share Price Index also recorded significant gains outperforming all the other main indexes around the globe during the month of September 2020 and set new all-time highs among the global best performing indices in January 2021.

CSE Market Performance

12 Months Trend

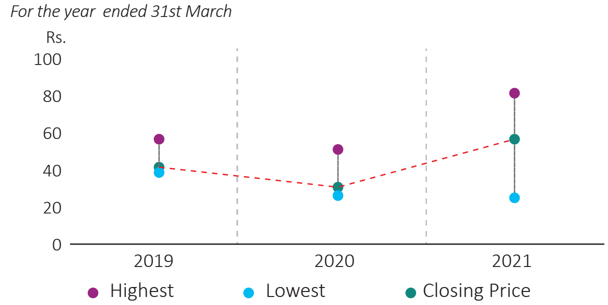


Share Price Information

For the year ended 31st March	2021	2020	2019
Market Value Per Share			
Highest (Rs.)	80.50	51.00	56.50
Lowest (Rs.)	24.50	29.00	40.00
Closing Price (Rs.)	55.50	30.70	41.00

Market Value Per Share

For the year ended 31st March



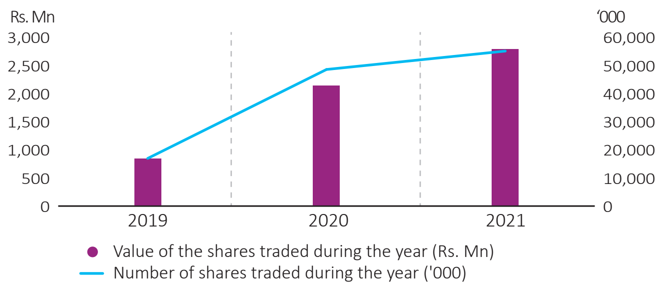
Share Trading Information

For the year ended 31st March	2021	2020	2019
Value of shares traded during the year (Rs. Mn)	2,790.7	2,140.2	840.5
Number of shares traded during the year ('000)	55,097	48,552	16,931
Number of transactions	23,069	11,115	4,623
Percentage of total value transacted in CSE (%)	0.42	1.15	0.50

The market value of the ordinary share as at 28th May 2021 was Rs. 52.30.

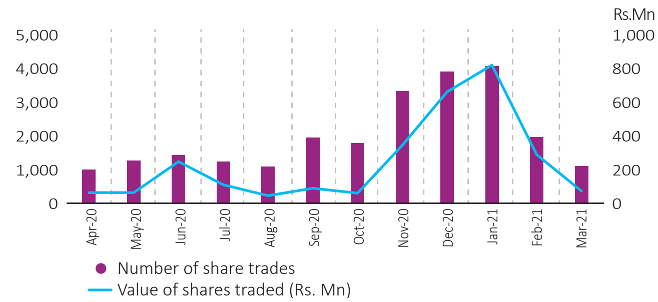
Value of Shares Traded vs Volume

For the year ended 31st March



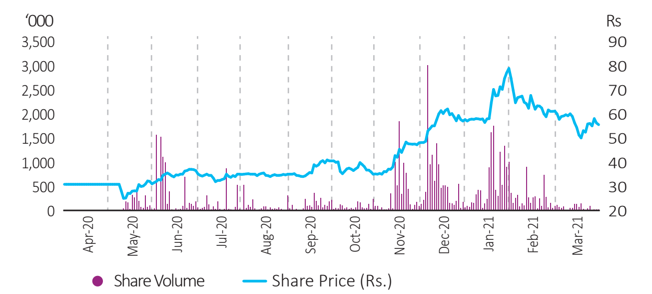
Share Trades vs Turnover 2020/2021

12 Months Trend



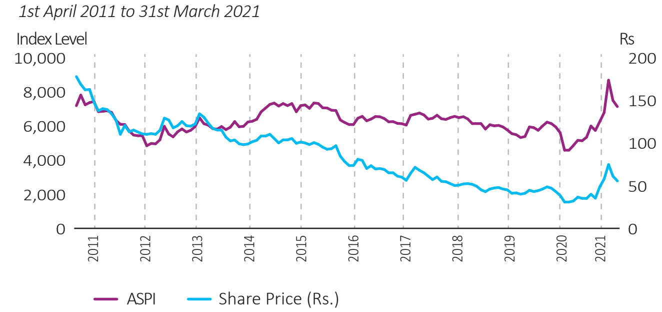
Share Price vs Share Volume 2020/2021

12 Months Trend



Share Price vs ASPI - 10 Year Trend

1st April 2011 to 31st March 2021



Market Capitalisation

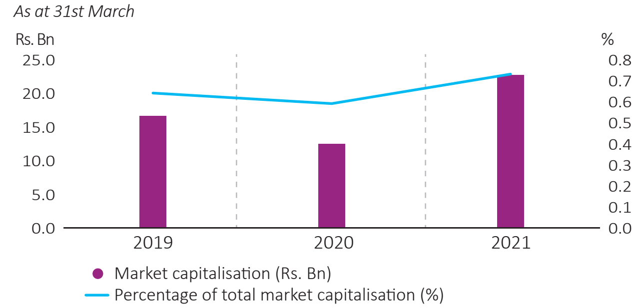
As at 31st March	2021	2020	2019
Market capitalisation (Rs. Bn)	22.53	12.50	16.60
Total Market Capitalisation of CSE (Rs. Bn)	3,111.30	2,128.27	2,605.90
Percentage of total market capitalisation (%)	0.72	0.59	0.64

The float adjusted market capitalisation as at 31st March 2021 was Rs. 10,293,046,650/- with reference to the rule no. 7.6 (iv) of continuing listing requirements of the CSE.

As the float adjusted market capitalisation is over Rs. 10 Bn, Aitken Spence PLC complies under option 1 of minimum public holding requirement. (as per the rule no. 7.13.1 (a) of continuing listing requirements of the CSE)

Market Capitalisation

As at 31st March



INVESTOR INFORMATION

Financial Indicators

Net Asset Per Share

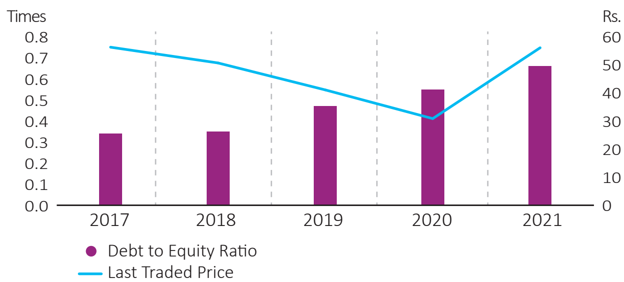
As at 31st March	2021	2020	2019
The Group (Rs.)	121.90	125.49	121.80
The Company (Rs.)	46.68	41.57	39.59

Earnings

For the year ended 31st March	2021	2020	2019
Earnings per share- Basic/Diluted (Rs.)	(4.00)	5.86	10.04

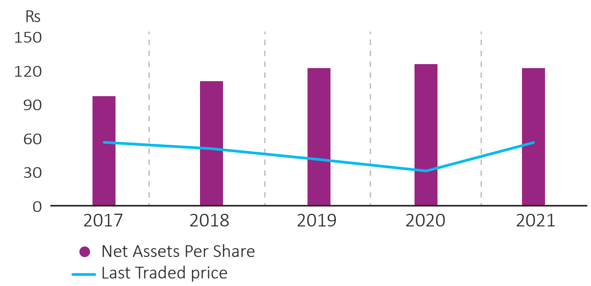
Debt-Equity vs Share Price

As at 31st March



Net Assets vs Share Price

As at 31st March



Return On Equity

For the year ended 31st March	2021	2020	2019
Return on Equity (%)	(3.24)	4.74	8.65

Dividends

For the year ended 31st March	2021	2020	2019
Dividend per share (Rs.)	1.00	1.25	2.50
Dividend cover (Times)	(4.00)	4.69	4.02
Dividend payout ratio	(0.25)	0.21	0.25

History of dividend per share, dividend cover and dividend payout ratio for the past 10 years

Year	Dividends per share (Rs.)	Dividends cover (Times)	Dividend payout ratio
2011/2012	1.40	6.14	0.16
2012/2013	1.50	5.40	0.19
2013/2014	2.00	4.52	0.22
2014/2015	2.00	4.41	0.23
2015/2016	1.50	3.33	0.30
2016/2017	1.75	4.07	0.25
2017/2018	2.00	4.38	0.23
2018/2019	2.50	4.02	0.25
2019/2020	1.25	4.69	0.21
2020/2021	1.00	(4.00)	(0.25)

** Above figures are restated taking into consideration the subdivision of shares*

Shareholder Composition

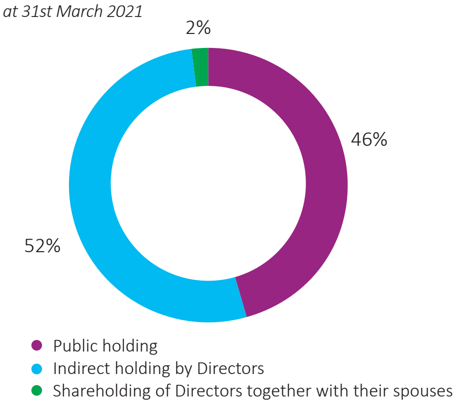
Public Holding

The percentage of public holding as at 31st March 2021 was 45.68% and was represented by 5,250 shareholders. (31st March 2020- 45.68%, represented by 5,406 shareholders) (As per the rule no.7.6 (iv) of continuing listing requirements of the CSE)

	%	No of Shares
Public holding	45.68	185,460,300
Indirect holding by Directors	52.38	212,673,171
Shareholding of Directors together with their spouses	1.94	7,862,574
Total	100.00	405,996,045

Ownership Structure

As at 31st March 2021



Distribution of shareholding

As at 31st March	2021			2020		
Share holder category	No of shareholders	No of shares	%	No of shareholders	No of shares	%
1 - 1,000	3,033	894,139	0.22	3,063	946,564	0.23
1,001 - 10,000	1,536	5,837,476	1.44	1,631	6,230,003	1.53
10,001 - 100,000	564	18,791,468	4.63	592	19,092,287	4.70
100,001 - 1,000,000	101	28,269,776	6.96	103	28,980,614	7.14
1,000,001 - above	23	352,203,186	86.75	24	350,746,577	86.40
Total	5,257	405,996,045	100.00	5,413	405,996,045	100.00

There were 5,257 registered shareholders as at 31st March 2021 and they are entitled for one vote per share. (31st March 2020 - 5,413)

INVESTOR INFORMATION

Residents/Non-Residents

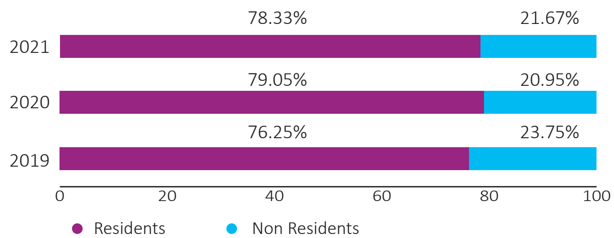
As at 31st March	2021		2020	
	No of shares	%	No of shares	%
Residents	318,031,346	78.33	320,956,212	79.05
Non-Residents	87,964,699	21.67	85,039,833	20.95
Total	405,996,045	100.00	405,996,045	100.00

Institutions/Individuals

As at 31st March	2021		2020	
	No of shares	%	No of shares	%
Institutions	350,342,754	86.29	353,681,880	87.11
Individuals	55,653,291	13.71	52,314,165	12.89
Total	405,996,045	100.00	405,996,045	100.00

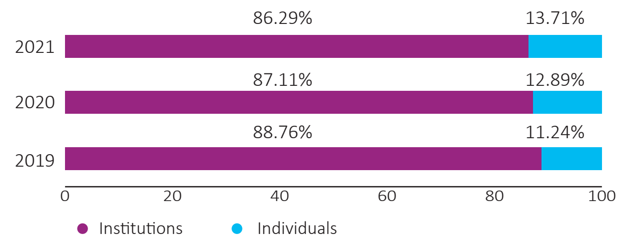
Residents/Non-Residents

As at 31st March



Institutions/Individuals

As at 31st March



Twenty Largest Shareholders as at 31st March 2021

	Name	No of Shares	%
1	Melstacorp PLC	204,314,171	50.32
2	Rubicond Enterprises Limited	65,990,145	16.25
3	Employee's Provident Fund	20,590,978	5.07
4	Mr. G.C. Wickremasinghe	7,308,240	1.80
5	Placidrange Holdings Limited	5,521,500	1.36
6	Renuka Hotels PLC	5,479,990	1.35
7	Milford Exports (Ceylon) (Pvt) Limited	5,114,500	1.26
8	SSBT-Retail Employees Superannuation Trust	3,695,265	0.91
9	Bank of Ceylon No.1 Account	3,564,168	0.88
10	Northern Trust Company S/A Hosking Global Fund PLC	3,387,219	0.83
11	Stassen Exports (Pvt) Limited	3,244,500	0.80
12	Miss. A.T. Wickremasinghe	3,211,975	0.79
13	Mrs. K. Fernando	3,135,070	0.77
14	Mr. G. Wickremasinghe	3,019,090	0.74
15	Employees Trust Fund Board	2,621,870	0.65
16	SSBT-Sunsuper PTY Ltd as Trustee for Sunsuper Superannuation Fund	2,527,945	0.62
17	Citibank Hong Kong S/A Hostplus Pooled Supperannuation Trust	2,041,938	0.50
18	National Savings Bank	1,368,065	0.34
19	Mr. K Balendra	1,350,081	0.33
20	Mr. A. B Rodrigo (Deceased)	1,284,720	0.32
	Total	348,771,430	85.89

Shareholding of Directors together with their spouses

As at 31st March	2021	2020
Mr. G.C. Wickremasinghe	7,308,240	7,308,240
Mr. J.M.S. Brito	525,495	525,495
Ms. D.S.T. Jayawardena	27,839	27,839
Mr. R.N. Asirwatham	1,000	1,000
Total	7,862,574	7,862,574

Indirect holding by Directors

As at 31st March		2021	2020
Deshamanya D.H.S. Jayawardena	- Melstacorp PLC	204,314,171	204,314,171
Deshamanya D.H.S. Jayawardena/Ms. D.S.T. Jayawardena	- Milford Exports (Ceylon) (Pvt) Limited	5,114,500	5,114,500
	- Stassen Exports Ltd	3,244,500	3,244,500
Total		212,673,171	212,673,171

Directors’ shareholding in group companies

As at 31st March		2021	2020
Aitken Spence Hotel Holdings PLC	Mr. G.C. Wickremasinghe	2,082,241	2,082,241
	Mr. J.M.S. Brito	300,658	331,021
	Ms. D.S.T. Jayawardena	16,000	16,000
	Mr. R.N. Asirwatham	1,000	1,000
Hethersett Hotels Limited	Mr. G.C. Wickremasinghe	1,041,500	1,041,500
Elpitiya Plantations PLC	Mr. J.M.S. Brito	-	25,000

REGULATING RISK

Unforeseen risks still surround us at every turn. Yet we are confident in our ability to rise to the challenge as we have always done; equipped with the right mechanisms and strategies that enable us to vanquish any storm, no matter how turbulent the environment may seem.

Governance and Risk Management

CORPORATE GOVERNANCE

Chairman's Statement on Governance

Dear Shareholders

I am pleased to introduce our Corporate Governance Report for 2020/21, which sets out the principles of good governance that we practice at Aitken Spence. Collectively, the Board is aware of the need for sound corporate governance to maintain an appropriate balance between stakeholder interests while driving sustainable growth for the Group.

Our approach to corporate governance

The challenges presented by COVID-19 underscored the importance of a robust framework. Embedded governance practices ensure the Group's commitment to high standards of corporate governance realized through enhanced accountability, strong risk and performance management, transparency, and effective and ethical leadership. The framework is regularly reviewed to adapt to internal and external developments and is aligned to evolving best practice.

Delivering stakeholder value

Aitken Spence is committed to understanding and being responsive to the interests and expectations of all stakeholders. This is evident from our response to the pandemic, where our first priority was to ensure the health, safety and well-being of all our stakeholders.

The Board advocates integrating Environmental, Social and Governance (ESG) priorities into policy and strategy formulation and driving responsible and sustainable growth. Feedback from stakeholder engagement mechanisms forms a key input in strategy formulation.

Navigating through the COVID-19 pandemic

In a year of unparalleled challenges, the Board has provided leadership to recalibrate the strategic priorities of the Group in line with our long-term vision and purpose. Vigilance and oversight by the Board increased significantly as the Board spent a considerable amount of time assessing the impact and risks to the Group.

Compliance

Our strong corporate culture is fundamental to our business continuity and success, and the Board plays a critical role in shaping the culture of the Group, which is also underpinned by the Group's Code of Ethics & Professional Conduct. This is reviewed and updated from time to time to ensure it is fit for purpose in a rapidly evolving business environment. Directors are conscious of their duty to comply with the laws, regulations, regulatory guidelines, internal controls and approved policies. The Group is compliant with all relevant legal and statutory requirements.

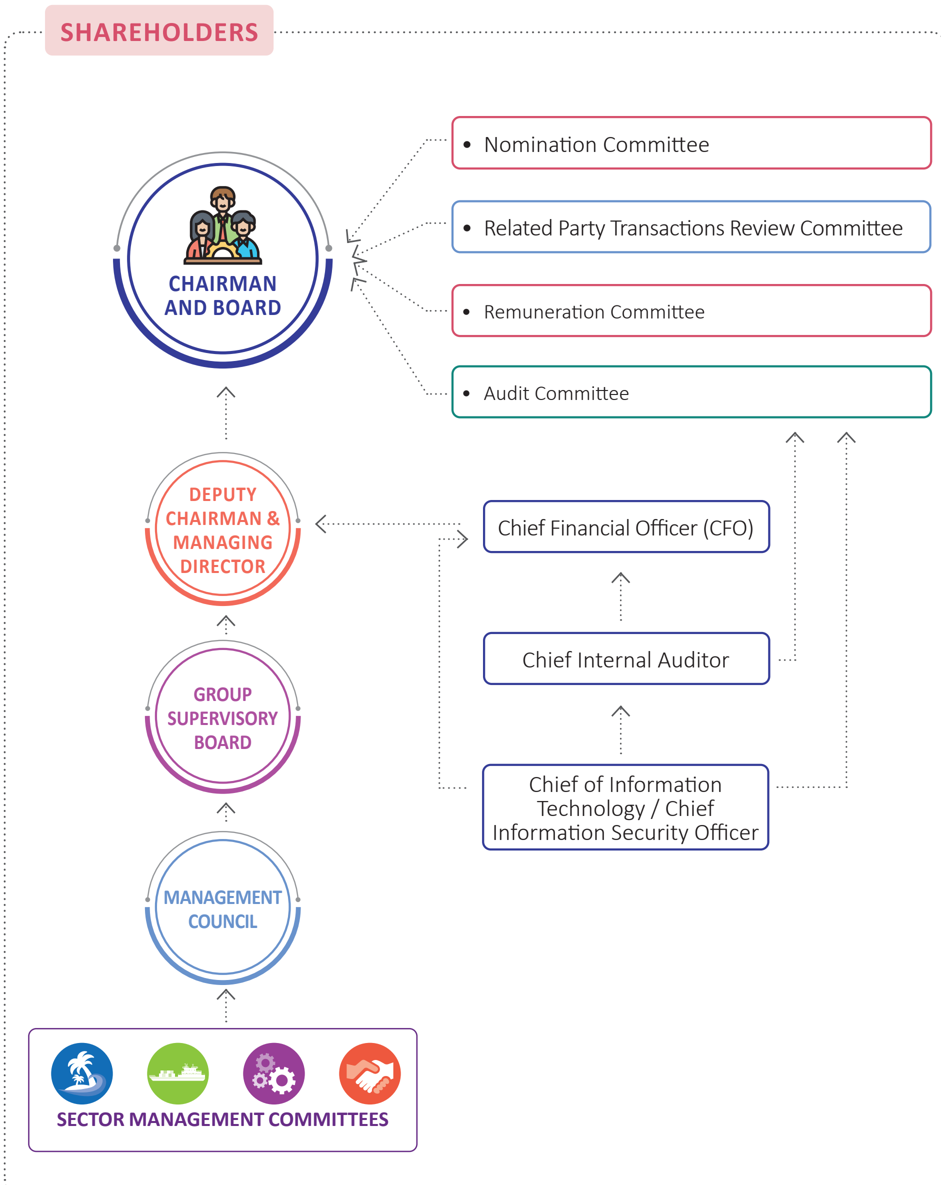
Looking Ahead

The Board will continue to support good governance and the application of sound corporate governance principles based on effective and ethical leadership. The Board will remain vigilant over the evolving business landscape while continuing to support the Management in the implementation of the Group's strategic plan in building a future fit and sustainable business.

As required by the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka. I hereby confirm that, I am not aware of any material violations of any of the provisions of the Group's Code of Ethics & Professional Conduct by any Director or employee of Aitken Spence Group.

Deshamanya D.H.S. Jayawardena
Chairman

Colombo
28th May 2021



BOARD	DEPUTY CHAIRMAN & MANAGING DIRECTOR (MD)	GROUP SUPERVISORY BOARD (GSB)	MANAGEMENT COUNCIL	SECTOR MANAGEMENT COMMITTEES
Provides policy direction to the Company	Leads the Executive Management. Responsible for implementation of strategy and performance.	Formulates and oversees the execution of strategies within the policy framework set out by the Main Board	Executes strategies at operational level.	Monitors and reviews operations at sector level.

GOVERNANCE HIGHLIGHTS -2020/21

- Continued regular reviews of the impact and risks to the organisation arising from the COVID-19 pandemic.
- Recalibrated strategy in line with the Group's long-term vision and purpose, considering impact of the pandemic, Integrated Environment, Social and Governance aspects.
- Approved the acquisition of 100% shareholding of Waltrim Energy Ltd., and its 3 wholly owned subsidiaries for a sum of Rs. 900 Mn. consolidating the Group's investments in renewable energy.
- Continued to review progress and provide strategic guidance over the Group's on-going projects. Approved commissioning of the 1st waste to energy power plant in Sri Lanka.
- Maintained the Group's commitment to ensure environmental and social governance and sustainability.
- Approved the Groups initiation of an intelligent automation programme and the appointment of Deloitte Singapore as Consultants.
- The Group remains committed to increasing women's representation and leadership in the Group. Endorsing the Group's commitment to the Target Gender Equality programme of the UN Global Compact, the Group appointed Ms. Stasshani Jayawardena (Executive Director) as the Group's top-level "Ambassador".
- Recommended a first and final dividend of Rs. 1/- per share.
- Recommended the re-appointment of Deshamanya D.H.S. Jayawardena, Mr. G.C. Wickremasinghe, Mr. R.N. Asirwatham, Mr. J.M.S. Brito and Mr. N.J. de S. Deva Aditya who are over the age of 70 years and the re-election of Ms. D.S.T. Jayawardena who retires in terms of Article 83 of the Articles of Association, at the Annual General Meeting ("AGM") to be held on 30th June 2021. All the retiring Directors have offered themselves for re-appointment/re-election.

CORPORATE GOVERNANCE

Compliance Summary

REGULATION / CODE	ADOPTION	ADHERENCE
The Companies Act No.7 of 2007 and regulations	Mandatory	Compliant
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory	Compliant
Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987, including directives and circulars	Mandatory	Compliant
Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka	Voluntary	Compliant

1. Governance Structure

The Aitken Spence Board provides direction and leadership and assumes collective responsibility for the overall governance, performance, strategy and affairs of the Group.

Structures of delegation provide for the assignment of authority while enabling the Board to retain effective control.

The Board has delegated specific oversight responsibilities that warrant greater attention, to four (4) Board Sub-Committees while daily management of the Group and implementation of the Group's strategic plan have been delegated to the Group Supervisory Board (GSB) lead by the Deputy Chairman & Managing Director. Regular reporting on key matters enables effective oversight by the Board.

Key Management Personnel (KMP) are competent and have the requisite skills, knowledge and experience to carry out their duties. Strategically aligned Key Performance Indicators (KPI) drive performance and the achievement of objectives.

2. An Effective Board

The Board of Directors continues to provide ethical and effective leadership, to safeguard stakeholder value creation within a framework of robust and effective controls.

The ensuing sections from 2.1. Board Composition, to 2.8. Succession Planning highlights the good governance practices adopted to ensure the role of the Board is effective and ethical.

KEY RESPONSIBILITIES OF THE BOARD

- Provide strategic direction.
- Monitor implementation of strategy.
- Set corporate values and promote ethical behaviours.
- Establish systems of risk management, internal control, and compliance.
- Be responsive to the needs of society.
- Meet shareholders, employees, and other stakeholder's obligations, balancing their interests in a fair manner.
- Present a balanced and understandable assessment of the Company's position and prospects.
- Safeguard assets and ensure legitimate use.

Committee composition and roles are summarized on page 180.

Directors and Key Management Personnel are indemnified by Aitken Spence PLC in respect of liabilities incurred as a result of their office, in terms of Section 218 of the Companies Act. No. 7 of 2007.

The compliance levels with the Code of Best Practice on Corporate Governance 2017, issued by The Institute of Chartered Accountants of Sri Lanka are available on Company's website at https://aitkenspence.com/corporate-governance/corporate-governance-report and forms a part of this Corporate Governance Section

Steers and Sets Strategic Direction

Approves strategy. Focuses on high environmental, social & governance standards

Approves Policy and Capital Planning

Gives effect to strategy. Sets direction, resource allocation and risk appetite.

BOARD'S PRIMARY GOVERNANCE ROLES AND RESPONSIBILITIES

Oversees and Monitors

Implementation by Management

Ensures Accountability

For organisational performance through reporting and disclosure, engagement

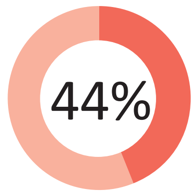
2.1 Board Composition

A balanced and diverse Board.

BOARD COMPOSITION

- Executive Directors (including Chairman)
- Non-Executive Directors
- Independent Non-Executive Directors

INDEPENDENCE



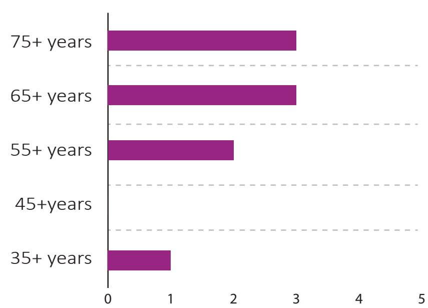
of the Board is deemed independent

GENDER DIVERSITY

89% : 11%

AGE DIVERSITY

Mature Board. Insight and experience of older Board members complements fresh perspectives of those younger



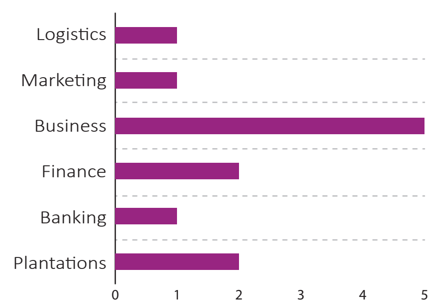
BOARD SIZE

9

Appropriate Board size promoting accountability and encouraging healthy, constructive debate and decision-making, while meeting regulatory requirements

EXPERTISE

Experienced Board; combining knowledge and skills relevant to the Group.



The Board comprises of 9 members, 3 of whom are deemed independent, as explained on pages 181 and 182 Directors Independence. Although two executive Board Members Deshamanya D.H.S. Jayawardena and Ms. D.S.T. Jayawardena are related to each other, they act in the best interest of the Group in spirit, intention, purpose and attitude.

Sufficient balance of power minimizes the tendency for one or few members of the Board to dominate the Board processes or decision making.

The collective background of the Board of Directors provides a balanced mix of skills, experience and tenures to enable the Board to fulfil its roles and responsibilities objectively and effectively. Non-Executive Directors are eminent professionals in their respective fields, who bring varied perspectives to Board deliberations and constructively challenge management. The Board, through the Nomination Committee reviews the composition on an ongoing basis.

All Directors possess financial acumen and knowledge through experience gained from leading large enterprises. Two Directors are finance professionals.

CORPORATE GOVERNANCE

2.2 Board Sub-Committees

The Board has delegated certain responsibilities requiring greater attention to four Board Sub-Committees with oversight responsibility for same. This enables the Board to allocate sufficient time to matters reserved for its decision making, particularly execution of strategy and forward-looking agenda items, while ensuring delegated matters receive in-depth focus. The Committees, with the exception of the Nomination Committee, comprise of only Non-Executive Directors. Committee Chairmen are accountable for the effective functioning of the Committees and report regularly to the Board on Committee activities.

MANDATORY COMMITTEES

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

VOLUNTARY COMMITTEES

- Nomination Committee

Compliance Summary

Board Committee	Areas of Oversight	Composition	Committee Report
Audit Committee	• Financial Reporting • Internal Controls • Internal Audit • External Audit		Page 197
Remuneration Committee	• Remuneration policies and practices • Recommend Executive remuneration		Page 196
Related Party Transactions Review Committee	• Review of related party transactions for regulatory compliance		Page 199
Nomination Committee	• Evaluating and recommending the appointment or re-appointments/re-election of Directors to the Board. • Succession Planning	Includes Executive Chairman of the Board	Page 195

Independent Non-Executive Director *Non-Executive Director* *Executive Director* *Chairman*

GOVERNANCE THROUGH THE PANDEMIC

- The COVID-19 pandemic has created unprecedented change, requiring agility and adaptation across the Group to face the wealth of challenges to employees and business.
- From the onset of the pandemic in March 2020, the Deputy Chairman & Managing Director communicated regularly with the Board to provide clarity and reassurance about the business while prioritizing employees' safety and well-being, ensuring financial resilience and helping local communities.
- The Board supported the management in establishing a COVID-19 Operational Task Force responsible for monitoring the pandemic across the subsidiary companies of the Group and departments to ensure the business is reacting to the pandemic in an effective and timely manner and to ensure the safety of all stakeholders. The Committee meets weekly and reports to the Group Supervisory Board. A dashboard of relevant operational metrics is presented to the Board fortnightly.
- Vigilance and oversight by the Board increased significantly, as the Board provided leadership to recalibrate the strategic priorities of the Group in line with the long-term vision and purpose. Risk management particularly cybersecurity, fraud, theft and credit recoveries and internal control were key priorities.
- The Board was mindful of ensuring the long-term resilience and strength of the business and positioning the Group to capitalize on opportunities emerging from the turmoil of the pandemic.
- The Board continues to monitor and review the evolving business landscape and progress made against measures implemented by the Group to sustain business.

2.3 Clear Roles and Responsibilities

Roles and responsibilities of the Chairman and Chief Executive Officer are clearly defined by mandates and job descriptions, and by which means authority is delegated and accountability established. Key roles of Chairman and Deputy Chairman & Managing Director are separate strengthening the decision-making process.

CHAIRMAN

Role

- Leads the Board, preserving good corporate governance and ensuring that the Board works effectively.

Responsibilities

- Setting the Board's annual work plan and the agendas.
- Building and maintaining stakeholder trust and confidence.
- Ensuring effective participation of all Board members during Board meetings.
- Monitoring the effectiveness of the Board.

DEPUTY CHAIRMAN & MANAGING DIRECTOR

Role

- Accountable for implementation of strategic plan and driving performance.

Responsibilities

- Appointing and ensuring proper succession planning of the corporate management team and assessing their performance.
- Developing the Company's strategy for consideration and approval by the Board.
- Developing and recommending to the Board, budgets supporting the Company's long-term strategy.
- Setting the Board agenda in consultation with the Chairman and assisted by the Company Secretaries.
- Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and Corporate Governance principles.
- Establishing an organisational structure for the Company which is appropriate for the execution of strategy.
- Ensuring a culture that is based on the Company's values.
- Ensuring that the Company operates within the approved risk appetite.

2.4 Company Secretaries

The office of the Company Secretaries is integral to the effective functioning of the Board. Aitken Spence Corporate Finance (Private) Limited acts as Secretaries to the Board and guides the Board on discharging its duties and responsibilities, promoting best practices in Corporate Governance. Responsibilities of the Company Secretaries include:

- Ensuring the conduct of Board and General Meetings in accordance with the Articles of Association and relevant legislation.
- Maintaining statutory registers and the minutes of Board Meetings, General Meetings and of the Sub-committee Meetings.
- Prompt communication to regulators and shareholders.
- Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary.

All Directors have access to the advice and services of the Secretaries as necessary. The Secretaries maintain minutes of Board meetings, which are open for inspection by any Director. Appointment and removal of the Company Secretaries is a matter for the Board as a whole.

2.5 Directors Independence

<< GRI 102-24 >>

Directors are experienced leaders in their respective fields and exercise independent judgement on matters set before them. Further, two Directors, Deshamanya D.H.S. Jayawardena and Ms. D.S.T. Jayawardena are related to each other. However, they act in the best interests of the Group using their independent judgement on matters referred to the Board.

CORPORATE GOVERNANCE

Mr. G.C. Wickremasinghe

Has served as a Board Member of Aitken Spence for over nine years and was also an Executive Director on the Board prior to the assumption of duties as a Non-Executive Director. The Board having considered the above facts is of the view that the period of service and the Executive Directorship previously held by him do not compromise his independence and objectivity in discharging his functions as a Director and therefore determined that Mr. G.C. Wickremasinghe is 'independent' as per the Listing Rules.

Mr. C.H. Gomez

The Board is of the view that the period of service of Mr. C.H. Gomez as a Board Member, which exceeds nine years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. C.H. Gomez is 'independent' as per the Listing Rules.

Mr. R.N. Asirwatham

The Board is of the view that the period of service of Mr. R.N. Asirwatham, does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. R.N. Asirwatham is 'independent' as per the Listing Rules.

DEFINITION

- Independence is determined against criteria as set out in the Listing Rules of the Colombo Stock Exchange and in compliance with schedule K of the Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka.

ASSESSMENT

- Independent assessment of Directors is conducted annually by the Board, based on annual declaration and other information submitted by Non-Executive Directors.
- The Board discusses the possibility of any impairment of Directors independence due to extended Board tenures, and collectively evaluates the re-election of such Board members.

OUTCOME

- The Board is satisfied there are no relationships or circumstances likely to affect or appear to affect, Directors' judgement during the year under review.
- The Board believes the independency of Mr G.C. Wickramasinghe, Mr C.H. Gomez and Mr. R N Asirwatham is not compromised despite being on the Board for a period exceeding nine years from the date of the first appointment, as explained above.
- Although, two Directors, Deshamanya D.H.S. Jayawardena and Ms. D.S.T. Jayawardena are related to each other, they act in the best interests of the Group using their independent judgement on matters referred to the Board.

2.6 Meetings and attendance

Board meetings are held quarterly with the flexibility to arrange ad-hoc meetings to supplement these when required. Five (5) meetings were held during the year. A hybrid model using video-conferencing facilities was adopted, facilitating meetings to be held as planned.

100%

Board attendance, demonstrating active engagement.

BOARD MEETING PLANNING

- The annual calendar with tentative dates for Board and Sub-committee meetings for the following year is tabled at the last Board meeting of the year allowing members to plan their commitments.
- Meeting agendas and papers are made available to the Directors at least seven days before the meeting. This allows members sufficient time to review the papers, make their observations and be prepared for the forthcoming meeting.
- Deputy Chairman & Managing Director in consultation with the Chairman sets the Board agenda, assisted by the Company Secretaries.
- Care is taken to ensure that the Board spends sufficient time considering matters critical to the Group's success, as well as compliance, risk and administrative matters.

Key Focus Areas of the Board – 2020/21

STRATEGY & BUSINESS

- Approval of the Corporate strategic plan
- Continued review of implementation of plan, considering impact of pandemic on business operations

RISK & OVERSIGHT

- Review of impacts from operating environment
- Performance review of the Group
- Risk Review
- Optimising the internal control framework
- Balance sheet and liquidity management

GOVERNANCE

- Review of policy frameworks
- Succession planning

STAKEHOLDER ENGAGEMENT

- Review of stakeholder communications and engagement initiatives, in setting strategy and building brand
- Approval of dividend payment

FINANCIAL PERFORMANCE

- Financial impact from adverse operating conditions
- Approval of 2020/21 Financial Statements and Annual Report
- Approval of 2021/22 budget

CORPORATE GOVERNANCE

Name of Director	Director Status	Appointment to the Board	Meeting Attendance – Attended / Eligibility				
			Board	Audit Committee	Remuneration Committee	Nomination Committee	Related Party Transaction Review Committee
Deshamanya D.H.S. Jayawardena	ED	April 2000	5/5			1/1	
Dr. M.P. Dissanayake	ED	March 2019	5/5				
Dr. R.M. Fernando	ED	April 2005	5/5				
Ms. D.S.T. Jayawardena	ED	December 2013	5/5				
Mr. J.M.S. Brito	NED	April 2000	5/5	8/9			4/4
Mr. G.C. Wickremasinghe	INED	April 1972	5/5	9/9	C- 2/2	C- 1/1	4/4
Mr. R.N. Asirwatham	INED	September 2009	5/5	C – 9/9	2/2	1/1	C-4/4
Mr. C.H. Gomez	INED	May 2002	5/5	2/9	2/2		1/4
Mr. N.J. de S. Deva Aditya	NED	September 2006	5/5	-			-
Mr. A.L. Gooneratne (Alternate to Mr. N.J. de S. Deva Aditya)	NED	May 2012	-	9/9			4/4

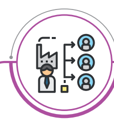
INED - Independent Non-Executive Director | NED-Non-Executive Director | ED - Executive Director | C- Chairman

RESOLUTIONS BY CIRCULATION

- Resolutions concerning business matters may be passed by circulation, in accordance with the Articles of Association.
- However, if a single Director deems it necessary that such resolution must be passed at a Board meeting and not by circulation, the Chairman shall put the resolution to be passed in a meeting.

UPDATING DIRECTORS ABSENT FROM MEETING

- Any Director who did not attend a meeting is updated on proceedings prior to the next meeting.
- Formally documented minutes of discussions.
- By clarifying matters from the Company Secretaries or discussion with the Chairman or the Deputy Chairman & Managing Director on a later date
- Separate discussions prior to the meeting regarding matters arising from the previous meeting.
- The Company Secretaries maintain all proceedings of previous meetings and board papers and are accessible at the convenience of the Directors.



PROVISION OF INFORMATION

- In the effective discharge of duties, Directors are provided accurate, relevant, and timely information on which they base their decisions.
- Deputy Chairman & Managing Director briefs the Board on the business operations, financial performance, industry trends and developments. Heads of Departments / Key Management Personnel (KMP) are invited to attend Board meetings to discuss relevant areas of business. Management is open and transparent with the Board and brings to attention any matters of concern in a timely manner.

BOARD MINUTES

- Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes.

2.7 Appointment, Re-appointment, Re-Election, Retirement and Resignation of Directors

Appointment, re-appointment, re-election, retirement and resignation of Directors allow for the introduction of members with new skills, insights, and perspectives, while retaining valuable industry knowledge and maintaining continuity.

The possibility of any impairment of Directors' independence due to extended Board tenures, is discussed and evaluated by the Board prior to nomination of Board members for re-election as the case may be.

<< GRI 102-24 >>

APPOINTMENTS

- Directors are appointed by the shareholders at the Annual General Meeting, following a formal and transparent process and based on recommendations made by the Board of Directors.
- The Nomination Committee makes recommendations to the Board in this regard having considered the combined knowledge, experience and diversity of the Board in relation to the Company's strategic plans and any gaps thereof.
- The possibility of any impairment of Directors' independence due to extended Board tenures, is discussed and evaluated by the Board, prior to nomination of Board members for re-election/ re-appointment as the case may be.
- Appointments are communicated to the Colombo Stock Exchange (CSE) and shareholders through press releases and include a brief resume of the Director.

RE-ELECTION/ RE-APPOINTMENT

- In compliance with the Articles of Association of the Company, 1/3 of the Directors excluding the Chairman, Chief Executive, Managing Director retire from office at each Annual General Meeting. The Directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment.
- These Directors are eligible to stand for re-election by the shareholders at the Annual General Meeting.
- The Nomination Committee recommends the Directors for re-election/re-appointment and approve by the Board.
- A Director appointed by the Board to fill a casual vacancy arisen since the previous Annual General Meeting, will offer himself/herself for election at the next Annual General Meeting.

RETIREMENT/ RESIGNATION & DIRECTOR TENURE

- Resignations or removal, if any of Directors and the reasons are promptly informed the Colombo Stock Exchange (CSE).

2.8 Succession Planning

The Board is assisted by the Nomination Committee in identifying suitable candidates and developing succession plans for the Board, Deputy Chairman & Managing Director and Executive Directors, to ensure continuity of leadership and that the Board has the relevant mix of skills and experience that support delivery of the Group's strategic plan.

The Remuneration Committee assists the Board to identify suitable candidates and develop succession plans for Key Management Personnel, which plans are then rolled out with set targets and metrics by the Group Human Resources Department.

2.9 Directors Interests and Related Party Transactions

Directors declare their business interests at appointment and quarterly thereafter. Details of disclosures are recorded in a Register by Company Secretaries and tabled at the next Board meeting. The Register is available for inspection in terms of the Companies Act No. 07 of 2007. Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed on page 325 to 330.

The Related Party Transactions Review Committee considers all transactions that require approval, in compliance with regulations, ensuring transactions are fair and in the best interest of Aitken Spence Group. Related party transactions are disclosed in Note 43 to the financial statements on pages 325 to 330.

The Board is satisfied that all Directors allocate sufficient time to enable them to discharge their duties and responsibilities.

CORPORATE GOVERNANCE

2.10 Conflict of Interest

A Director or Key Management Personnel is prohibited from using his or her position, or confidential or price- sensitive information, for personal benefit or benefit of any third party, whether financially or otherwise. Directors notify the Board promptly of any conflicts of interest they may have in relation to particular items of business or other Directorships. Directors do not participate in and excuse themselves from the Meeting when the Board considers matters in which a conflict may arise.

2.11 Informed Decision making

Good decision-making requires possessing the right knowledge. Aitken Spence's reporting and information systems ensures the Board receives relevant and objective information, in a timely manner.

Supply of Information

The Board pack, generally circulated seven (7) days in advance of a Board Meeting, provides comprehensive qualitative and quantitative information on matters to be raised at the Board Meeting. Further, Corporate Management and external experts are invited to make regular presentations regarding the business environment, strategy and operations of the Company and ensure that the Board is apprised of developments impacting the Company.

Access to Information

Directors have unrestricted access to Management, organisation information, and resources to facilitate discharge of their duties. Directors are entitled to seek independent professional advice, co-ordinated through the Company Secretaries, at the Company's expense. Copies of such advice obtained are circulated to Directors who request for it.

Induction

On appointment, Directors are taken through a formal and tailored induction programme coordinated by the Deputy Chairman & Managing Director, where they are apprised of the Group values and culture, its operating model, policies, governance framework and processes, Group's Code of Ethics & Professional Conduct and operational strategies of the Group. Directors are availed the opportunity to have one-on-one meetings with the management of each subsidiary, visit sites/factories/hotels where appropriate.

Knowledge Development

<< GRI 102-27 >>

Directors are kept abreast of applicable legislation and regulation, relevant sector developments and changes in the risk and general business environment by executive management on an on- going basis. Directors undertake training and professional development as they consider necessary, in their personal capacity. Other training and continuous professional development undertaken includes attending seminars/ workshops/conferences and reading regulatory updates etc.

Appraisal of Executive Directors

Performance of the Deputy Chairman & Managing Director and other Executive Directors are assessed at the end of each financial year against financial and non-financial objectives set out in consultation with the Board at the commencement of every financial year. The evaluation is carried out by the Chairman, against the backdrop of the operating environment. Remuneration is revised based on performance. Areas identified for improvement are communicated to the respective Director, including training needs and skills and knowledge gaps.

Responsible and Fair Remuneration

<< GRI 102-35, 36 >>

The Board strives to ensure that remuneration is fair and transparent, promoting positive outcomes aligned with legitimate expectations of all stakeholders.

Remuneration Policy

Remuneration of Executive Directors and Key Management Personnel are linked to sustainable value creation objectives in line with the Group's strategy and is based on clear performance targets that have adequate stretch and market benchmarking.

The Remuneration Committee in consultation with the Chairman and Deputy Chairman & Managing Director is responsible for making recommendations to the Board regarding the remuneration of the Executive Directors and Key Management Personnel. Please refer page 196 for the Report of the Remuneration Committee and Terms of Reference.

The Board as a whole determines the remuneration of the Non-Executive Directors (NEDs). NEDs are remunerated based on their attendance at Board and/or Committee meetings. Remuneration for NEDs reflects the time commitment and responsibilities of their role, taking into consideration market practices. They do not receive any performance related / incentive payments. Services of Human Resource professionals are sought when required, by the Board and Remuneration Committee in discharging their responsibilities.

Level and Make Up of Remuneration

The Remuneration packages are designed to attract eminent professionals as Executive Directors with the requisite skills and experience. Remuneration is structured taking into consideration performance and risk factors entailed in the job and aligned to corporate and individual performance.

Remuneration of Executive Directors are compliant with the provisions of Schedule E of the Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka and comprises two components, fixed remuneration and variable remuneration comprising of an annual performance bonus. No special early termination clauses are included in the contract of employment of Executive Directors that would entitle them to extra compensation. However, such compensation, if any, would be determined by the Board of Directors.

The aggregate remuneration paid to Directors in financial year 2020/21 is Rs. 87 Mn.

3. Gender Parity

The Group has been at the forefront of women empowerment in Sri Lanka actively supporting women's advancement and forging gender parity.

Policies and practices

The Board appreciates the positive impact on productivity and competitiveness in engaging a gender diverse workforce. The Group has endorsed the 7 United Nations Women's Empowerment Principles as listed on pages 80 and 336 has in place policies that promote equal opportunity, a safe workplace and flexible working arrangements. Flexible, family friendly practices implemented by the Aitken Spence that support female employees to fulfil their career aspirations are disclosed on pages 80 to 89. The success of these initiatives is demonstrated in the high female representation of 17.5% in senior management. Board representation is currently 11%. The Group aims to have greater representation of women on the Board and will make appointments in line with this commitment as we continue the search for suitable Board candidates.

Responsible branding

The Group is conscious of its responsibility to be objective and inclusive and takes concerted effort to avoid depicting attitudes that are discriminatory or offensive to a gender, religion, ethnicity, culture or a social group; or are politically biased in Company's marketing, advertising and other communications.

1. Innovation and Digital Governance

The Group's ability to continually innovate is critical to remaining relevant to the changing needs of customers and other stakeholders. The Board and Management are aware of their role in innovation governance and to this end, encourages the creativity and flexibility that promotes innovative thinking, while managing risk within the agreed appetite. During the year, Aitken Spence rolled out innovative digital solutions to assist clients and enhance service delivery given the challenges arising out of the pandemic.

The Group has since embarked on an intelligent automation programme with the introduction of Semi-Virtual Mobility (SVM), to develop digital capabilities and new platforms that deliver exceptional client and employee experiences, driving triple bottom line growth. The Board has appointed Deloitte Singapore as consultants to the project and the first phase of Robotic Process Automation (RPA) was initiated. All employees were given the opportunity to engage in the digitisation process by contributing to develop process improvements. As a part of the intelligent automation, employees were provided necessary training in digital capabilities and were exposed to Robotic Process Automation (RPA), machine learning, and process collaboration.

The project also includes many Internet of Things (IoT) supporting programmes such as smart cameras operating in the logistics sector, autonomous environmental control in the data centre etc., which activities are underlined by disruptive technologies in transforming Group businesses to becoming future ready.

Our policies seek to harness the full potential of all our employees by providing equal opportunity and a safe environment in the workplace.

- Equality and Diversity Policy
- Employee Recognition and Rewards Policy
- Anti-Harassment Policy
- Anti-corruption addressed through the Group's Code of Ethics & Professional Conduct
- Grievance Handling Policy
- Whistle-blowing Policy
- Management and Resolution of Complaints Policy
- Human Rights Policy
- Health & Safety Policy
- Group's Code of Ethics & Professional Conduct

Female Representation	
Board	11%
Senior management	17.5 (Assistant Vice President & above)
Workforce	41.6 (General Manager & below)

CORPORATE GOVERNANCE

2. Information Technology & Cyber Security Governance

The Board is cognizant of the benefits of agility, scalability, and innovation that digital platforms provide and ensures implementation of an effective and properly resourced technology strategy. The Board is equally committed to safeguard the Group's information assets and operational systems and invests extensively in cyber security and management systems.

The Group Information Technology (IT) Department is responsible for implementing the IT strategy including adopting IT policies and safeguarding against cyber threats. The strategy is well supported by emergency cyber response procedures and emergency response partners. Aitken Spence Group IT is ISO 27001:2013 accredited for processes and information security management.

During the year, the Group IT Department assessed the vulnerability of the Group's systems, technology and information related risks associated with Aitken Spence's remote access strategy under the guidance of the Chief Information Security Officer (CISO).

Information technology and cyber security governance are recurring items at Audit Committee meetings. Matters are escalated to the Board where deemed necessary considering risk, impact, and other prudential measures.

The Board is satisfied that the Group has been able to offer a wide range of digital and in-person services (i.e. online meetings) throughout the pandemic, without experiencing any material cybersecurity incidents or any significant failures in the Group's digital infrastructure.

3. Sustainability Governance

<< GRI 102-21, 31,32 >>

The Board places significant emphasis on sustainable development ensuring Aitken Spence creates value, both for the organisation and its key stakeholders. Aitken Spence was one of the first companies in Sri Lanka to have a member of the Main Board, Dr. Rohan Fernando, leading the implementation of the Group's sustainability strategy, guided by the Group Supervisory Board. The Board satisfies itself that Environmental, Social and Governance (ESG) metrics are incorporated into the business model and the creation of value.

Economic Sustainability	Our Providers of Capital	page 78
Environment	Our Communities	page 101
Labour Practices	Our Employees	page 80
Society	Our Communities	page 101
Customer satisfaction	Our Customers	page 93
Shareholder Identification, Engagement and Effective Communication	Investor Relations	page 168

4. Board Accountability

4.1 Risk Management and Internal control

<< GRI 102-30, 205-1 >>

The Board is responsible for formulating and implementing effective risk management and internal control systems to safeguard shareholder interests and the assets of the Company. These systems cover all controls, including financial and operational compliance, assessment of all operations to eliminate risk of fraud and corruption and are monitored and regularly reviewed for effectiveness by the Board. The Board and Audit Committee increased the rigour of oversight functions in risk management as the environment continued to be uncertain and challenging. The COVID-19 pandemic has exposed the Group to heightened levels of risk including cybersecurity, fraud, theft and credit, among others.

The Group Internal Audit Department supports the Audit Committee, reviewing the adequacy and effectiveness of the internal control systems and the risk management framework, and reporting to the Committee on a regular basis. During the year, the Audit Committee reviewed and approved changes to the 2020/21 internal audit plan as part of an in-depth review of internal audit's risk assessment and audit prioritization session. The Board is satisfied that the stringent monitoring and management of risk and controls have been effective in limiting impact on the Group. Further, the Board is satisfied with the integrity of financial information and the robustness of the internal controls and systems of the Aitken Spence Group.

4.2 Accountability & Audit

Every effort has been made to present a balanced and understandable assessment of the Group's financial position, performance, and prospects in compliance with the various legal enactments applicable, the Sri Lanka Financial Reporting Standards, the G4 standard on Sustainability Reporting published by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council. The Group's position and prospects have been discussed in detail in Chairman's Message pages 26 to 29, Deputy Chairman & Managing Director's Review pages 30 to 35, Management Discussion & Analysis on pages 56 to 165 and Managing Risk and Opportunities on pages 207 to 214.

The Company has also complied with the Listing Rules of the Colombo Stock Exchange and submitted the Interim Financial Statements of the Company to the Colombo Stock Exchange within 45 days for first three quarters and within 2 months for the last quarter from the end of the relevant quarter. Price sensitive information, which may have an impact on the shares of the Company, has been disclosed in a comprehensive but concise manner to the Colombo Stock Exchange on a timely basis. Reports required by regulators including the Department of Inland Revenue, Sri Lanka Accounting & Auditing Standards Monitory Board, and the Colombo Stock Exchange have been submitted in a timely manner in compliance with specified requirements. The Directors' Report, Statement of Directors' Responsibility and Report of the Auditors set out further information required by the Code of Best Practice on Corporate Governance

2017. issued by the Institute of Chartered Accountants of Sri Lanka.

4.3 External Auditor

The External Auditor is appointed in accordance with the provisions of the Companies Act No. 7 of 2007. The Audit Committee makes recommendations to the Board for the appointment, re-appointment or removal of the External Auditor in-line with professional & ethical standards and regulatory requirements. The Audit Committee monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements.

In assignment of non-audit services to External Auditors, the Audit Committee ensures that the External Auditor has the necessary skills and experience for the assignment and ascertains that independence and objectivity of the External Auditor in carrying out his duties and responsibilities will not be impaired.

On the recommendation of the Board, the shareholders approved the re-appointment of Messrs. KPMG, Chartered Accountants, as the External Auditors for the year 2020/21 at the last Annual General Meeting. In compliance with Section 163 (3) of the Companies Act No. 07 of 2007, the External Auditors submit a statement annually confirming their independence in relation to the external audit.

4.4 Group's Code of Ethics & Professional Conduct

<< GRI 102-17, 205-2 >>

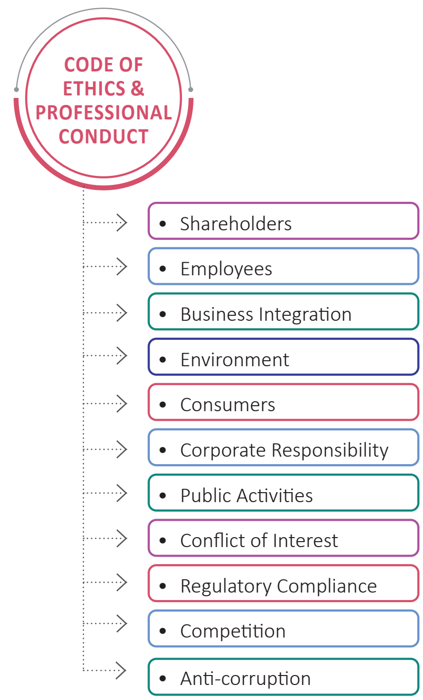
The Group is committed to conduct its business operations with integrity, professionalism and with respect to the rights and interests of all stakeholders. All employees and Directors abide by the Group's Code of Ethics & Professional Conduct ("Code") which embodies a strong set of corporate values and conduct including a zero-tolerance approach to unethical behaviour. The Group's codes and policies explicitly prohibit fraud, theft and corruption, including the policies and procedures for giving and receiving of gifts, sponsorship, entertainment, hospitality and favours.

The Code of Ethics & Professional Conduct is available on the intranet and also the Group's online learning platform, TARTAN, where it is mandatory for employees to review the document and complete an assessment confirming their compliance to the Group's guidelines. Further, it is reinforced at all levels through training and structured communication.

4.5 Whistle-blowing

<< GRI 102-33 >>

Mechanisms are in place for employees and other stakeholders to seek advice or report concerns about unfair, unethical, or unlawful behaviour. The whistle-blowing Policy enables employees to anonymously report matters of concern regarding possible inappropriate financial reporting, internal controls or other issues that may require internal investigation. Information on accessibility, anonymity, processes and policy relating to whistle-blowing has also been outlined to ensure structured procedures are in place. The process and policy relating to whistle-blowing service is communicated to all employees.



CORPORATE GOVERNANCE

5. Relations with Shareholders

The Board is conscious of their responsibility towards stakeholders and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. Information is communicated accurately and in such a manner as to avoid the creation of a false market.

5.1 Communication with Shareholders

Shareholders are engaged through multiple channels of communication, including the Annual General Meeting (AGM) (detailed below under 5.2), Annual Report, Interim Financial Statements and notification of key events through announcements in the Colombo Stock Exchange (CSE) website. Investors can refer the Corporate Governance section of our corporate website for key highlights of the financial year.

The Annual Report presents a fair and balanced review of the Group's financial position, performance and prospects combining narrative and visual elements to facilitate readability and comprehension. The Annual Report and the Interim Financial Statements have been reviewed and recommended by the Audit Committee and approved by the Board of Directors, prior to publication.

Aitken Spence posts on its website (www. aitkenspence.com) as soon as practicable and after they have been released to the stock exchange, copies of Annual Reports, Interim Financial Statements, stock information, stock exchange announcements, shareholder circular etc.

Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries.

All significant issues and concerns of Shareholders are referred to the Board with the views of the Management. A shareholder feedback form is also provided in this Annual Report to seek feedback from the shareholders on how Aitken Spence can improve its communication. This form can also be accessed on the Group's website.

5.2 Constructive use of Annual General Meeting (AGM)

The Board ensures that proactive engagement with shareholders is encouraged by the Group, including engagement at AGMs. Board Sub-Committee Chairmen, Directors and key members of the Management, are available at the AGM to interact with and respond to questions raised by the Shareholders. The External Auditor also attends to address any queries raised.

Notice of the AGM, the Annual Report and Audited Financial Statements and any other resolution together with the corresponding information that may be set before the shareholders at the AGM, are circulated to shareholders not less than fifteen working days prior to the AGM allowing all the shareholders to review the documentation prior to attending the AGM. Voting procedures at the AGM are notified to the shareholders in advance.

Shareholders are always encouraged to exercise their voting rights. The outcome of the vote on each resolution is informed to the Colombo Stock Exchange, soon after conclusion of the AGM.

Refer to a copy of the Shareholder Feedback Form at the end of this report in the 'Supplementary Information' section of the report.

6. Compliance Table

(a) Compliance with the Companies Act No. 07 of 2007

Section Reference	Requirement	Reference	Compliance Status
168 (1) (a)	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries, and the classes of business in which the Company has an interest, whether as a shareholder of another company or otherwise	Refer Annual Report of the Board of Directors on pages 202 to 206 of this Annual Report	Complied
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed	Refer Financial Statements on pages 225 to 331 and Annual Report of the Board of Directors on pages 202 to 206 of this Annual Report	Complied
168 (1) (c)	Auditor's Report on the Financial Statements of the Company and the Group	Refer Financial Statements on pages 220 to 224 of this Annual Report	Complied
168 (1) (d)	Change of accounting policies during the accounting period	Refer Annual Report of the Board of Directors on pages 202 to 206 of this Annual Report	Complied
168 (1) (e)	Particulars of entries in the Interest Register made during the accounting period	Refer Annual Report of the Board of Directors on pages 202 to 206 of this Annual Report	Complied
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Refer Annual Report of the Board of Directors on pages 202 to 206 of this Annual Report	Complied
168 (1) (g)	Total amount of donations made by the Company and the Group during the accounting period	Refer Annual Report of the Board of Directors on pages 202 to 206 of this Annual Report	Complied
168 (1) (h)	Directorate of the Company and the Group as at the end of the accounting period along with the changes that occurred during the accounting period	Refer Annual Report of the Board of Directors on pages 202 to 206 of this Annual Report	Complied
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Refer Annual Report of the Board of Directors on pages 202 to 206 of this Annual Report	Complied
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries	Refer Annual Report of the Board of Directors on pages 202 to 206 of this Annual Report	Complied
168 (1) (k)	The Annual Report of the Board of Directors be signed on behalf of the Board	Refer Annual Report of the Board of Directors on pages 202 to 206 of this Annual Report	Complied

CORPORATE GOVERNANCE

(b) Compliance with the continuing listing requirements - Section 7.6 and section 7.10 on corporate governance rules for listed companies issued by the Colombo Stock Exchange.

Section Reference	Requirement	Reference	Compliance Status
7.6.(i)	Names of persons who during the financial year were Directors of the entity	Refer Corporate Information on page 354 of this Annual Report	Complied
7.6.(ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Refer Group Directorate on pages 343 to 350 of this Annual Report	Complied
7.6.(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Refer Investor Information on pages 168 to 173 of this Annual Report	Complied
7.6.(iv)	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Refer Investor Information on pages 168 to 173of this Annual Report	Complied
7.6.(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year.	Refer Investor Information on pages 168 to 173 of this Annual Report	Complied
7.6.(vi)	Information pertaining to material foreseeable risk factors of the Entity	Refer Risk Management Report on pages 207 to 214 of this Annual Report	Complied
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Refer pages on 80 to 89 of this Annual Report	Complied
7.6.(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Refer Notes 15 and 16 of the Financial Statements of this Annual Report	Complied
7.6.(ix)	Number of shares representing the Entity's stated capital.	Refer Investor Information on pages 168 to 173 of this Annual Report	Complied
7.6.(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Refer Investor Information on pages 168 to 173 of this Annual Report	Complied
7.6.(xi)	Ratios and market price information	Refer Investor Information on pages 168 to 173 of this Annual Report	Complied
7.6.(xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land.	Refer Notes 15 and 16 of the Financial Statements of this Annual Report	Complied
7.6.(xiii)	If during the year the entity has raised funds either through a public issue, rights issue and private placement.	The Company had no public issues, rights issues or private placement during the year	N/A
7.6.(xiv)	Employee share option/purchase schemes (if any)	As at date the Company has no share options or purchase schemes made available to its Directors or employees	N/A
7.6.(xv)	Corporate Governance Disclosures in terms of Sections 7.10.3, 7.10.5.c and 7.10.6. c.	Refer Corporate Governance Report on page 176 to 194 of this Annual Report	Complied
7.6.(xvi)	Related Party Transactions in terms of Sections 9	Refer Note 43 of the Financial Statements of this Annual Report	Complied
7.10	Compliance with Corporate Governance Rules	Refer Corporate Governance Report on page 176 to 194 and the Annual Report of the Board of Directors on page 202 to 206 of this Annual Report	Complied

Section Reference	Requirement	Reference	Compliance Status
7.10.1(a)	Non-Executive Directors (NED) • At least two or one third of the Directors, whichever is higher, should be Non- Executive Directors	Refer Corporate Governance Report on page 176 to 194 of this Annual Report	Complied
7.10.2(a)	Independent Directors • Two or one-third of Non-Executive Directors, whichever is higher, should be independent	Refer Corporate Governance Report on page 176 to 194 of this Annual Report	Complied
7.10.2(b)	Independence of Directors • Each Non-Executive Director should submit a declaration of Independence/ Non-Independence annually	Refer Corporate Governance Report on page 176 to 194 of this Annual Report	Complied
7.10.3.(a)	• Independence of Directors The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director • Disclosure relating to Directors The names of Directors determined to be independent should be disclosed in the Annual Report	Refer Corporate Governance Report on page 176 to 194 and Annual Report of the Board of Directors on page 202 to 206 of this Annual Report	Complied
7.10.3.(b)	Criteria not met by the Non-Executive Directors and basis for determining to be independent	Refer Corporate Governance Report on page 176 to 194 and Annual Report of the Board of Directors on page 202 to 206 and of this Annual Report	Complied
7.10.3(a)	Disclosure relating to Directors • The names of Independent Directors should be disclosed in the Annual Report	Refer Corporate Governance Report on page 176 to 194 of this Annual Report	Complied
7.10.3(b)	Independence of Directors • The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director	Refer Corporate Governance Report on page 176 to 194 of this Annual Report	Complied
7.10.3(c)	Disclosure relating to Directors • A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.	Refer Board profiles on pages 38 to 41 of this Annual Report.	Complied
7.10.3(d)	Appointment of new Directors • Provide a brief resume of any new Director appointed to the Board	Upon appointment of a new Director to the Board, the Company makes an announcement to the Colombo Stock Exchange with a brief resume of such Director containing the nature of his expertise, relevant interest, other directorships held, membership in Board Committees and the nature of appointment. There were no new appointments to the Board during the year under review.	Complied
7.10.5	Remuneration Committee • A listed company shall have a Remuneration Committee	Refer Remuneration Committee Report on page 196 of this Annual Report	Complied
7.10.5(a)	Composition of Remuneration Committee • Shall comprise of Non-Executive Directors, a majority of whom shall be Independent	Refer Remuneration Committee Report on page 196 of this Annual Report	Complied

CORPORATE GOVERNANCE

Section Reference	Requirement	Reference	Compliance Status
7.10.5(b)	Functions of Remuneration Committee • The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Refer Remuneration Committee Report on page 196 of this Annual Report	Complied
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration The Annual Report should set out; a. Names of the Directors comprising the Remuneration Committee b. Statement of Remuneration policy c. Aggregate remuneration paid to Executive and Non-Executive Directors	Refer Remuneration Committee Report on page 196 of this Annual Report	Complied
7.10.6	Audit Committee • A listed company shall have an Audit Committee	Refer Audit Committee Report on pages 197 to 198 of this Annual Report	Complied
7.10.6(a)	Composition of Audit Committee • Shall comprise of Non-Executive Directors, a majority of whom are Independent • Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings • The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Refer Audit Committee Report on pages 197 to 198 of this Annual Report	Complied
7.10.6(b)	Audit Committee Functions Should be as outlined in the Section 7.10 of the Listing Rules	Refer Audit Committee Report on pages 197 to 198 of this Annual Report	Complied
7.10.6(c)	Disclosure in the Annual Report relating to Audit Committee a. Names of the Directors comprising the Audit Committee b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination c. The Annual Report shall contain a Report of the Audit Committee in the prescribed manner	Refer Audit Committee Report on pages 197 to 198 of this Annual Report	Complied
9.3.2	Related Party Transactions Review Committee • Details pertaining to Non-Recurrent Related Party Transactions • Details pertaining to Recurrent Related Party Transactions • Report of the Related Party Transactions Review Committee • Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	Refer Related Party Transactions Review Committee Report on page 199 of this Annual Report	Complied

NOMINATION COMMITTEE REPORT

Composition and Meeting Attendance of the Committee

Nomination Committee Members		Attendance at meetings
Chairman	Mr. G.C. Wickremasinghe *Independent Non-Executive Director*	
Members	Deshamanya D.H.S. Jayawardena *Executive Chairman*	
	Mr. R.N. Asirwatham *Independent Non-Executive Director*	

The full Committee met once during the year under review with the attendance of the Deputy Chairman & Managing Director, on invitation.

Attendance via MS Teams

Attendance by invitation

Dr. M.P. Dissanayake : *Deputy Chairman and Managing Director, Aitken Spence PLC*

RESPONSIBILITIES OF THE COMMITTEE

- Evaluation of the quality and composition of the boards of Aitken Spence PLC and the subsidiary companies:

  The Committee is responsible for ensuring that the boards of Aitken Spence PLC and its Group companies are well balanced and diversified in terms of effectiveness and composition. Suitable candidates are identified as directors whilst ensuring that boards consist of persons with vast knowledge, experience, competency and entrepreneurial skills to advance the effectiveness of the Boards. The Committee periodically reviews the structure, size and composition of the boards of the Group Companies.
- Evaluation of the performance of the Board, its committees and individual Directors.
- Review of the Charter for the appointment and the re-appointment of Directors to the Boards of the Group Companies and suggest amendments wherever necessary and recommend insurance covers for directors of Aitken Spence PLC and its Group companies.

KEY FUNCTIONS OF THE COMMITTEE

The Committee ensures that their recommendations are fair, free from any bias and not influenced by personal or business relationships. This enables the Company to make sound and measured judgments so that best talent is attracted to the Group.

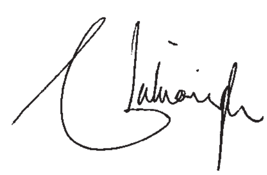
During the year under review the Committee performed the following functions:

- Evaluated the combination of varied skills, knowledge and experience of the Directors of the Company and of the Group Companies and ascertained that the competencies of Directors are adequate to meet the required strategic demands of the Group,
- Evaluated the knowledge, experience, commitment and number of directorships held by each Director to ensure that individual Directors are adequately equipped to carry out their responsibilities,
- Reviewed and recommended necessary appointments to the Boards of the Group companies wherever necessary,
- Evaluated and recommended suitable internal and external candidates to higher levels of management,
- Reviewed the Group's policy and guidelines for appointment, re-appointment and succession planning,
- Evaluated the eligibility of the Directors who have offered themselves for re-election/re-appointment to the Board and made necessary recommendations to the Board,
- Recommended insurance covers for the Directors of Aitken Spence and its Group companies,
- Reviewed the present indemnity policy and recommended adequate indemnity for each Director within the provisions of the Companies Act No. 7 of 2007.

RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS

- Deshamanya D.H.S. Jayawardena, Mr. G.C. Wickremasinghe, Mr. R.N. Asirwatham, Mr. J.M.S. Brito and Mr. N.J. De S Deva Aditya who retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210(2) of the Companies Act No.7 of 2007, have offered themselves for re-appointment.
- In terms of Article 83 of the Articles of Association, Ms. D.S.T. Jayawardena retires by rotation and has offered herself for re-election at the forthcoming Annual General Meeting.

Having given due consideration to each Director's performance, the Committee believes that the said Directors are eligible for re-appointment/re-election to continue as Directors of the Company.



G.C. Wickremasinghe
Chairman
Nomination Committee

Colombo
28th May 2021

REMUNERATION COMMITTEE REPORT

Composition and Meeting Attendance of the Committee

Remuneration Committee Members		Attendance 17-06-2020	Attendance 14-10-2020
Chairman	Mr. G.C. Wickremasinghe *Independent Non-Executive Director*		
Members	Mr. R.N. Asirwatham *Independent Non-Executive Director*		
	Mr. C.H. Gomez *Independent Non-Executive Director*		

Attendance via MS Teams

Attendance by invitation

Deshamanya D.H.S. Jayawardena : *Chairman, Aitken Spence PLC*

Dr. M.P. Dissanayake : *Deputy Chairman and Managing Director, Aitken Spence PLC*

Ms. D.S.T. Jayawardena : *Executive Director, Aitken Spence PLC*

The Committee is composed of three independent non-executive Directors and they are free from any business, personal or other relationships that may interfere with the exercise of their independent, unbiased judgement. The members of the Committee refrain from taking part in determining in their own remuneration.

The Remuneration Policy

The Group follows a formal and transparent procedure to ascertain the remuneration packages for individual Directors. The Committee considers the importance of formulating remuneration packages that are sufficient to motivate, attract and retain the Directors and considers the employment conditions of the Group companies and of the relevant industries.

The Group remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

Due to the prevailing COVID-19 pandemic situation in the country, the Remuneration Committee agreed that it was paramount at this juncture to secure jobs and livelihoods of the employees and to differ all increments by one year. The Committee also made note of the fact that the Directors, Senior Management and employees throughout the Group have taken a voluntary pay reduction from May 2020 onwards.

Key Responsibilities of the Committee

The Committee is responsible for determining the remuneration policy of the Directors and the Management Council and determines the overall individual remuneration packages which includes compensation on termination of employment. The Committee also evaluates the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units.

Functions of the Committee

The Committee's decisions were determined based on the following principles and policies:

Remuneration Policy

- Evaluated the Group Remuneration Policy against the current market trends and industrial norms.
- Reviewed and ensured the implementation of the Group Remuneration Policy.
- Reviewed the policy of the remuneration package of the Directors and the Management Council.
- Reviewed the specific application of the Group Remuneration Policy to the Deputy Chairman and Managing Director and Executive Directors as well as the general application to the Key Management Personnel below the Main Board.

Performance Based Remuneration

- Evaluated the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units.
- Reviewed, monitored and evaluated performance of Key Management Personnel as well as their management development and succession planning.

Performance Incentives

- Evaluated the achievements as well as unaccomplished targets and results which are used to determine the performance-based incentives.

Remuneration of Deputy Chairman & Managing Director

- Evaluated the performance of the Deputy Chairman and Managing Director.

G.C. Wickremasinghe
Chairman
Remuneration Committee

Colombo
28th May 2021

AUDIT COMMITTEE REPORT

Composition and Meeting Attendance of the Committee

Audit Committee Members		20/05/2021	01/07/2020	10/07/2020	11/08/2020	10/09/2020	11/11/2020	07/12/2020	09/02/2021	15/03/2021
Chairman	Mr. R.N. Asirwatham *Independent Non-Executive Director*	Present	Present	Present	Present	Present	Present	Present	Present	Present
Members	Mr. J.M.S. Brito *Independent Non-Executive Director*	MS Teams	MS Teams	ex	MS Teams	MS Teams	MS Teams	MS Teams	Present	MS Teams
	Mr. G.C. Wickremasinghe *Independent Non-Executive Director*	MS Teams	Present	Present	Present	Present	Present	Present	Present	Present
	Mr. C.H. Gomez *Independent Non-Executive Director*	MS Teams	MS Teams	ex	ex	ex	ex	ex	ex	ex
	Mr. N.J. de S Deva Aditya/ Mr. A. L. Gooneratne *(Alternate Director for Mr. N. J. de S Deva Aditya)* *Non-Executive Director*	MS Teams	MS Teams	Present	Present	Present	MS Teams	MS Teams	MS Teams	MS Teams

Attendance

Present in person *Attendance via MS Teams* ex *Excused*

Attendance by invitation

Dr. M.P. Dissanayake : *Deputy Chairman and Managing Director, Aitken Spence PLC*

Ms. D.S.T. Jayawardena : *Executive Director, Aitken Spence PLC*

Ms. N. Sivapragasam : *Chief Financial Officer, Aitken Spence PLC*

In addition to the above, Senior Officers of the Group as well as the partner of KPMG responsible for the Group's audit attended the meetings by invitation as and when required.

Secretaries to the Committee

Mr. H.K.A. Rathnaweera : *Chief Internal Auditor*

Mr. D.D.M.A. Saparamadu : *General Manager – Internal Audit*

Responsibilities

- Ensure that the financial statements are prepared, presented and the information are adequately disclosed in accordance with the Sri Lanka Accounting Standards (SLAS).
- Ensure that financial reporting requirements and information requirements of the Companies Act and other relevant financial reporting requirements are duly complied.
- Ensure that Group internal control and risk management processes are adequate to meet the SLAS requirements.
- Assessment of the independence and the performance of the External Auditors.
- Make recommendations to the Board pertaining to the appointment, re-appointment and/or removal of the External Auditors and to approve their remuneration and terms of engagement.

Summery of Key Focus Areas

Risk Management and Internal Control

- Reviewed the prevalence and adequacy of Group's internal control and risk management framework and highlighted the areas which requires attention, and suggested recommendations to the Board.
- Ensured that the risks are appropriately monitored and controlled, by considering the Group's principal risks and uncertainties and by reviewing the mitigating actions taken by the management.
- Reviewed the processes to ensure the internal controls and risk management framework are adequate to meet the requirements of the Sri Lanka Accounting Standards.
- Ensured that the Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of ethics and standards of conduct required by regulatory authorities, professional bodies and trade associations.

Financial Reporting and Financial Control

The Committee at its meetings reviewed the Group's quarterly and annual Financial Statements, adequacy of disclosures, uniformity and appropriateness of the

AUDIT COMMITTEE REPORT

accounting policies adopted, major judgemental areas and ensured that they were in compliance with the Companies Act No. 7 of 2007, applicable Sri Lanka Accounting Standards and other applicable Accounting Standards of jurisdiction in which each subsidiary operate in, Listing Rules of the Colombo Stock Exchange, Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and requirements of other regulatory bodies as applicable to the Group, and suggested recommendations in line with those requirements.

The Committee also ensures that the Group adheres to and complies with all relevant laws, rules and regulations of the country and regulatory bodies, with regard to financial reporting, international laws and codes of ethics and standards of conduct required by regulatory authorities, professional bodies and trade associations and other best accounting practices and principles.

In addition to the above the Committee evaluates and assess the changes in the tax environment and its impact to the Group.

External Audit

- Reviewed and approved the external audit plan presented by the external auditors.
- Reviewed and monitored the progress of the external audit.
- Discussed the audited financial statements with external auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.
- Discussed the management letter of the external auditors and ensured that the management had taken appropriate actions to satisfactorily resolve highlighted issues.
- Held discussion from time to time to assess the current developments in respect of reporting and compliance in view of the changes in the Auditing Standards, Inland Revenue Act etc.
- Assessed the performance and effectiveness of the external auditors, their independence, professional capabilities and made recommendations to the Board pertaining to the re-appointment of the external auditors.

Internal Audit

The Committee reviewed the adequacy of the coverage provided by the Group Internal Audit and ensured its co-ordination with the external auditors. Further, all operational audit reports, IT security reports and risk reports submitted by the Group Internal Audit Department and management responses thereto are reviewed and evaluated at each audit Committee meeting.

The Committee reviewed and evaluated the independence, effectiveness and competency of the Group's Internal Audit function, their resource requirements, and made recommendations for any required changes.

Compliance with Legislation

The Committee followed the following processes to establish the key legislations which the Group is required to comply with:

- Ensuring whether controls are in place to ensure compliance with laws and regulations,
- Processes followed when non-compliance with laws and regulation have been identified, including any disciplinary actions,
- Addressing any non-compliance identified by management, internal or external auditors and actions taken to rectify these matters.

Reporting

The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee and the minutes of the Audit Committee meetings are also tabled at the Board. Further, the Annual Report incorporates the Audit Committee Report which highlights areas of compliance with the key activities of the Committee.

The Chairman of the Audit Committee attends the Annual General Meeting enabling the shareholders to raise queries to the Chairman of the Committee on its affairs.

RE-APPOINTMENT OF EXTERNAL AUDITORS - M/S KPMG, CHARTERED ACCOUNTANTS

The Committee perused transactions with the External Auditors and ensured that there was no significant material transaction between the External Auditors and the companies in the Group. The Committee further perused the share register and ensured that there were no shares held by the External Auditors.

The Committee having considered that there were no significant material transactions between the External Auditors and the Group companies, that there were no shares held by the External Auditors, the confirmation received from the External Auditors and the periodic rotation of the Audit Partner, noted that KPMG, Chartered Accountants are independent and are eligible for re-appointment as the External Auditors of the Company.

Having noted the above, the Committee recommends to the Board that M/S KPMG, Chartered Accountants be re-appointed as the External Auditors of the Company for the current financial year, subject to the approval of the Shareholders at the forthcoming Annual General Meeting.

R.N. Asirwatham
Chairman
Audit Committee

Colombo
28th May 2021

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Composition and Meeting Attendance of the Committee

Related Party Transactions Review Committee Members		Attendance 01-07-2020	10-09-2020	07-12-2020	15-03-2021
Chairman	Mr. R.N. Asirwatham *Independent Non-Executive Director*	Present in person	Present in person	Present in person	Present in person
Members	Mr. J.M.S. Brito *Non-Executive Director*	Present in person	MS Teams	MS Teams	MS Teams
	Mr. G.C. Wickremasinghe *Independent Non-Executive Director*	Present in person	Present in person	Present in person	Present in person
	Mr. C.H. Gomez *Independent Non-Executive Director*	MS Teams	ex	ex	ex
	Mr. N.J. de S Deva Aditya/ Mr. A. L. Gooneratne *(Alternate Director for Mr. N. J. de S Deva Aditya)* *Non-Executive Director*	Present in person	Present in person	MS Teams	MS Teams

Present in person *Attendance via MS Teams* ex *Excused*

Responsibilities

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

The Committee is responsible for evaluating any proposed related party transactions and any post quarter confirmations received from Group companies and the Key Management Personnel, on a quarterly basis and to make recommendations to the Management and the Board appropriate course of action. The activities of the Committee are regularly reported to the Board by tabling Committee Meeting minutes at Board meetings.

Further, the threshold for related party transactions which require either shareholders' approval or immediate market disclosures as well as the criteria for determining Key Management Personnel are also reviewed annually.

Key Management Personnel

The Board of Directors of the Company, Directors, Vice Presidents and Assistant Vice Presidents of Subsidiary Companies are construed as the Key Management Personnel of Aitken Spence to establish greater transparency and governance.

Declarations from Key Management Personnel and from the Group companies are obtained quarterly and annually for the purpose of identifying related party transactions and to determine Related Party Transactions which ensures the compliance with the disclosure requirements of the Listing rules.

Key Functions of the Committee

Policies and Procedures Adopted

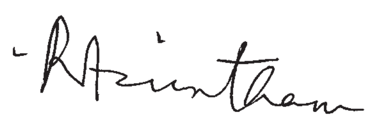
- the Group Company Secretaries obtain quarterly confirmations from the Key Management Personnel of any proposed Related Party transactions and any post-quarter transactions. All such responses are tabled at each Committee meeting.
- Confirmations are obtained from all Group companies of any proposed related party transaction and any post-quarter transaction and all responses are tabled at each Committee Meeting.
- Non-recurrent transactions if any, are communicated to the Group Company Secretaries who in turn notify the Committee, if required.

Review of Related Party Transactions

- Reviewed all proposed related party transactions as well as post-quarter confirmations.
- Activities of the Committee were communicated to the Board by tabling the minutes of the Committee meetings.

DECLARATION BY THE BOARD

The Annual Report of the Board of Directors embodies a declaration confirming the compliance with the requirements stipulated in Section 9.3.2(d) of the Listing Rules of the Colombo Stock Exchange.



R.N. Asirwatham
Chairman
Related Party Transactions Review Committee

Colombo
28th May 2021

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

Responsibility

The Board of Directors("Board") has the overall responsibility of maintaining a sound system of internal controls and for periodically reviewing its effectiveness and integrity, to ensure that the Group's risks are within the acceptable risk profile. Accordingly, the Board has established an organisation structure, which clearly defines lines of accountability and delegated authority.

The Board has instituted an ongoing process for identifying, evaluating and mitigating significant risks faced by the Group. This process entails enhancing the internal control system as and when there are changes to the business environment and regulatory guidelines.

The Board has delegated specific responsibilities to the following sub committees, which are chaired by Independent Non-Executive Directors.

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

The Board is confident that the current internal controls adopted by the Company are adequate to provide reasonable assurance regarding the reliability of financial reporting, the preparation of Financial Statements for external stakeholders and that they are in accordance with the acceptable accounting principles and the applicable regulatory requirements.

Internal Audit

The Group Internal Audit function provides independent assurance on the efficiency and effectiveness of the internal control systems and monitors compliance with policies and procedures, while highlighting significant findings in respect of any non-compliance. Audits are carried out on all business units and functions, and the frequency of which is predetermined by the level of risk assessed. The Group's Internal Audit function is an independent function that reports directly to the Audit Committee, which also reviews and approves the annual audit plan.

The Audit Committee reviews all internal audit findings, management responses and the adequacy and effectiveness of the internal controls. The minutes of the Audit Committee meetings are tabled at Board meetings on a periodic basis.

Review Adequacy and Effectiveness

The adequacy and effectiveness of the internal controls of both financial and operations processes are regularly reviewed by the Board and the Audit Committee, and remedial steps are taken where necessary.

The Board and the Audit Committee concludes that an effective system of risk management and internal control is in place to safeguard the shareholders' investment and the Group's assets.

Policies, Procedures and Budgets

Policies and procedures to ensure compliance with internal controls and the relevant laws and regulations are set out in operations manuals, which are updated from time to time.

Annual budgets are approved by the respective Boards and the subsidiaries' performance are assessed against the approved budgets and explanations are provided for significant variances periodically to the respective Boards.

Whistle-blowing Policy

The Group encourages a whistle-blowing policy which enables employees to bring irregularities in financial reporting, internal controls or other matters within the Group to the notice of the higher management.

Proper arrangements have been put in place to facilitate fair and independent investigation for such matters (if any). The prevalence and effectiveness of this policy is monitored by the Audit Committee from time to time.

The Group Code of Ethics & Professional Conduct and integrity

The Group Code of Ethics & Professional Conduct which includes a strong set of corporate values and conduct, is circulated to Directors and all employees. The Board ensures that Directors and all employees strictly comply with the Group code of ethics in exercising their duties, communications, role modelling and in any other circumstance, so as to uphold the Group's integrity and image. Strict disciplinary actions are initiated for any violation of the Group code of ethics.

Going Concern

The statement of going concern is set out in the 'Annual Report of the Board of Directors' of this Report.

Risk Management

An overview of the Group's risk management framework which include the Group's policy on cybersecurity, is set out in this Annual Report.

Health and Safety

Health and Safety of all stakeholders is one of the top priorities, especially during present challenging times due to COVID-19 pandemic. The Group employs a well laid out protocol and necessary guidelines for the containment of the pandemic.

Cyber Security

The Group has become more data driven, thus increasing the Group's reliance on technology. In this era, securing and protecting the Group's information assets becomes a priority. The Board has taken necessary precautions to minimize the risk of a security breach. During the year under review, necessary steps have been rolled out to curtail the exposure to cyber-attacks by reducing the threat surface and any potentially exploitable vulnerabilities.

Annual Report

The Board of Directors is responsible for the preparation of the Annual Report and confirm that the quarterly reports, annual Financial Statements and the annual review of operations of the Company and its equity accounted investees that are incorporated in this Annual Report have been prepared and presented in a reliable manner, based on a balanced and comprehensive assessment of the financial performance of the entire Group.

Confirmation

We confirm that all financial statements are prepared in accordance with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act, and the Listing Rules of the Colombo Stock Exchange and any other regulatory bodies as applicable to the Group. We further confirm that the current internal control and risk management policy of the Company is adequate to identify, evaluate and manage significant risks for the Group.

We have duly complied with all the requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar of Companies.

The consolidated financial statements for the year ended 31st March 2021 have been audited by Messrs. KPMG, Chartered Accountants.

Deshamanya D.H.S. Jayawardena
Chairman

Dr. M.P. Dissanayake
Deputy Chairman and Managing Director

R. N. Asirwatham
Chairman
Audit Committee

Colombo
28th May 2021

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The details set out herein provide the pertinent information as required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange and the best accounting practices. The Board of Directors of Aitken Spence PLC has pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended 31st March 2021 which were approved on the 28th of May 2021.

1. Principal Activities

Aitken Spence PLC is the holding Company that directly or indirectly owns investments in companies which form the Aitken Spence Group. In addition to the above, the Company provides management and related services to the Group companies. During the year there were no significant changes in the principal activities of the Company and the Group.

The activities of the Group are categorised into four main sectors namely Tourism, Maritime and Freight Logistics, Strategic Investments and Services. Companies within each sector and their principal activities are described on pages 343 to 350 this Annual Report.

2. Review of Operations

A review of operational and financial performance, strategies and future outlook of the Company and the Group are described in greater detail in the Chairman's Message, Deputy Chairman and Managing Director's Review, Management Discussion and Analysis of this Annual Report. These reports together with the Audited Financial Statements of the Company and the Group reflect the respective state of affairs of the Company and the Group.

3. Accounting policies and changes during the year

The Company and the Group prepared the Financial Statements in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs). The Board of Directors wish to confirm that there were no changes to the accounting policies used by the Company and the Group during the year. A detailed note of the accounting policies adopted in the preparation of the Financial Statements of the Company and the Group are given on pages 233 to 253 of this report.

4. Synopsis of the Income Statement of the Company and the Group

4.1. Group Revenue and Profits

Revenue generated by the Company during the year amounted to Rs. 661.5 million. (2019/20 – Rs. 814.7 million). The Group revenue was Rs. 31.6 billion (2019/20 – Rs. 53.5 billion). An analysis of Group revenue based on business and geographical segments is disclosed in Note 6 to the Financial Statements. The profit after tax of the Company was Rs.2.6 billion (2019/20- Rs. 1.6 billion). The Group reported a loss after tax of Rs 3.3 billion (2019/2020- profit after tax was Rs. 2.9 billion). The Group's loss attributable to the equity shareholders of the parent company for the year was Rs.1.6 billion (2019/20 Profit attributable to the equity shareholders – 2.4 billion). The segmental profits are disclosed in Note 6 to the Financial Statements.

4.2 Donations

During the year donations amounting to Rs. 50,000/-. (2019/20 – Rs. 325,000/-) were made by the Company, while the donations made by the other Group entities during the year amounted to Rs.2,149,111/- (2019/20 – Rs. 2,274,331/-).

For the year ended 31st March	GROUP 2021 Rs. '000	GROUP 2020 Rs. '000
Net profit/(loss) before tax	(2,844,273)	4,197,662
Provision for taxation including deferred tax	(469,510)	(1,310,688)
Net profit/ (loss) after tax	(3,313,783)	2,886,974
Other comprehensive income	515,507	808,339
Total comprehensive income/(loss) for the year	(2,798,276)	3,695,313
Total comprehensive (income)/loss attributable to the minority shareholders	1,827,095	(733,478)
Total comprehensive income/(loss) attributable to equity shareholders	(971,181)	2,961,835
Transactions directly recognised in the equity statement	19,766	94,239
Balance brought forward from the previous year	48,813,826	47,315,443
Adjustment on initial application of SLFRSs	-	(948,697)
Amount available for appropriations	47,862,411	49,422,820
Final Dividend for 2019/2020 (2018/2019)	(507,495)	(608,994)
Total reserves and earnings	47,354,916	48,813,826
Stated Capital	2,135,140	2,135,140
Balance attributable to equity holders of the Company at the end of the period	49,490,056	50,948,966

4.3 Taxation

A detailed statement of the income tax rates applicable to the individual companies in the Group and a reconciliation of the accounting profits with the taxable profits are provided in Note 12 to the Financial Statements. It is the policy of the Group to provide for deferred taxation on all known timing differences on the liability method. The deferred tax balances of the Group are given in Notes 22 and 32 to the Financial Statements. The deferred tax of the Company and the Group are calculated based on the tax rates that are specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

4.4 Dividends

The Directors recommended a First and Final dividend payment of Rs. 1.00 per share for the year. The Directors are satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act No. 7 of 2007 immediately after the payment of the First and Final dividend.

5 Synopsis of the Statement of Financial Position of the Company and the Group

5.1 Stated Capital and Reserves

As at 31st March 2021, the Company had issued 405,996,045 ordinary shares and the stated capital of the Company was Rs.2.1 billion. The Company's retained earnings and reserves as at 31st March 2021 were Rs. 16.8 billion (2019/20- Rs. 14.7 billion) whereas the total Group's retained earnings and reserves as at 31st March 2021 were Rs 47.4 billion (2019/20- Rs. 48.8 billion). The movement in these reserves is shown in the statement of changes in equity – Company and Group on pages 230 and 228 respectively.

5.2 Property, Plant and Equipment, Investment Property, Intangible Assets, Biological Assets, and Right-of-Use Assets

The details of property, plant and equipment, investment property, intangible assets, biological assets, and right-of-use assets of the Company and the Group where applicable, are given in Notes 15-19 to the Financial Statements.

Information in respect of extent, location, valuation of land and building held by the Company and Group are detailed in Notes 15.3 and 16.2 to the Financial Statements.

5.3 Contingent Liabilities

The details of contingent liabilities are disclosed in Note 42 to the Financial Statements.

6. Events occurring after the Reporting Date

No post balance sheet events of material significance that requires adjustments to the Financial Statements has arisen other than that is disclosed in Note 47 to the Financial Statements.

7. Going Concern

The Board of Directors is satisfied that the Company and the Group have adequate resources to continue their operations without any disruption in the foreseeable future. The Company's Financial Statements are prepared on a going concern basis.

8. Information on the Board of Directors and the Board Sub-Committees

8.1 Board of Directors

The Board of Directors of the Company comprised of:

	Executive	Non-Executive	Independent
Deshamanya D.H.S. Jayawardena (Chairman)	✓		
Dr. M.P. Dissanayake (Deputy Chairman and Managing Director)	✓		
Dr. R.M. Fernando	✓		
Ms. D.S.T. Jayawardena	✓		
Mr. J.M.S. Brito		✓	
Mr. G.C. Wickremasinghe		✓	✓
Mr. C.H. Gomez		✓	✓
Mr. N.J. de S. Deva Aditya*		✓	
Mr. R.N. Asirwatham		✓	✓

**Mr. A.L. Gooneratne holds the office as an Alternate Director to Mr. N.J. de S. Deva Aditya*

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The brief profiles of the Directors are given on pages 38 to 41 of this Annual Report.

The periods of service of Mr. G.C. Wickremasinghe, Mr. R.N. Asirwatham and Mr. C.H. Gomez as Board Members exceed nine years. Additionally, Mr. G.C. Wickremasinghe was an Executive Director on the Board of the Company prior to the assumption of duties as a Non-Executive Director.

The Board is of the view that the periods of service of the aforesaid independent Directors and the Executive Directorship previously held by Mr. G.C. Wickremasinghe do not compromise their independence and objectivity in discharging their functions as Directors and, therefore, has determined that Mr. G.C. Wickremasinghe, Mr. R.N. Asirwatham and Mr. C.H. Gomez are 'Independent' as per the Listing Rules.

8.2 Board Sub Committees

The following Directors served as members of the Audit Committee, the Remuneration Committee, the Related Party Transactions Review Committee and the Nomination Committee.

Audit Committee

Mr. R.N. Asirwatham (Chairman)

Mr. G.C. Wickremasinghe

Mr. C.H. Gomez

Mr. N.J. de S. Deva Aditya / Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de S. Deva Aditya)

Mr. J.M.S. Brito

Remuneration Committee

Mr. G.C. Wickremasinghe (Chairman)

Mr. R.N. Asirwatham

Mr. C.H. Gomez

Related Party Transactions Review Committee

Mr. R.N. Asirwatham (Chairman)

Mr. G.C. Wickremasinghe

Mr. C.H. Gomez

Mr. N.J. de S. Deva Aditya / Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de S. Deva Aditya)

Mr. J.M.S. Brito

Nomination Committee

Mr. G.C. Wickremasinghe (Chairman)

Deshamanya D.H.S. Jayawardena

Mr. R.N. Asirwatham

8.3 Re-appointment of Directors who are over 70 years of age and Re-election of Directors.

Upon the recommendation of the Nomination Committee and the Board, it is recommended that Deshamanya D.H.S. Jayawardena and Messrs G.C. Wickremasinghe, R.N. Asirwatham, J.M.S. Brito and N.J. de S. Deva Aditya who are over 70 years of age and who vacate office in terms of Section 210(2) (b) of the Companies Act No. 07 of 2007 be re-appointed as Directors of the Company in terms of Section 211 of the Companies Act No. 07 of 2007 specially declaring that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Directors.

Ms. D.S.T. Jayawardena who retires by rotation in terms of Article 83 of the Articles of Association of the Company offers herself for re-election.

8.4 Directors' Shareholding

The Directors' shareholdings are provided in the Investor Information section of this Annual Report.

8.5 Interest Register

An interest register is maintained by the Company as per the Companies Act No. 7 of 2007. Any interest in transactions disclosed to the Board by a Director in accordance with Section 192 of the Companies Act No.7 of 2007 is duly recorded in the interest register.

8.6 Directors' Remuneration

The Directors' remuneration and fees in respect of the Company and the Group for the financial year ended 31st March 2021 are disclosed in Note 9 of the Financial Statements.

8.7 Related Party Transactions

Related party transactions of the Group are disclosed in Note 43 to the Financial Statements. These are recurrent and non-recurrent related party transactions, which required disclosures in the Annual Report in accordance with the Sri Lanka Accounting Standard No. 24 – Related Party Disclosures. However, there were no recurrent related party transactions which in aggregate value exceeded 10% of the consolidated revenue of the Group as per the Audited Financial Statements as at 31st March 2020.

There were no non-recurrent related party transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements as at 31st March 2020, which required additional disclosures in the Annual Report under Section 9.3.2(a) of the Listing Rules of the Colombo Stock Exchange.

The Group companies and their Key Management Personnel have disclosed on a quarterly basis, the proposed related party transactions (if any) falling under the ambit of Section 9 of the Listing Rules of the Colombo Stock Exchange. The disclosures so made were tabled at the quarterly meetings of the Related Party Transactions Review Committee, in compliance with the requirements of the above mentioned rule.

The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2021.

8.8 Subsidiary Board of Directors

The names of Directors of the subsidiaries and joint venture companies who held office as at 31st March 2021 and Directors who ceased to hold office during the accounting period are indicated on pages 343 to 350 of this Annual Report.

9. Human Resources

The human resources strategies applied and practiced by the Group in the regions we operate have translated into the creation of a dynamic and competent human resource team. The strategies adopted in motivating and retaining our employees are discussed in "Our Employees" on pages 80 to 89 of this Annual Report.

10. Governance

The Group has not engaged in any activity which contravenes national and international laws. The Group rigidly adheres to relevant national and international rules, regulations and codes of Professional Institutes and Associations, Industrial Associations, Chambers of Commerce and other regulatory bodies. The Group complies with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 207 issued by the Institute of Chartered Accountants of Sri Lanka. The Group applies very high standards to protect and nurture the environment in which it operates and ensures strict adherence to all environment laws and practices.

The Company has no restrictions with regard to shareholders carrying out appropriate analysis or obtaining independent advice regarding their investment in the Company and has made all endeavours to ensure the equitable treatment of shareholders. The Company's corporate governance practices are set out on pages 176 to 194 of this Annual Report.

11. Risk Management

The Directors have established and adhere to a comprehensive risk management framework at both Strategic Business Units and Group levels to ensure the achievement of their corporate objectives. The categories of risks faced by the Group are identified, the significance they pose are evaluated and mitigating strategies are adopted by the Group. The Board of Directors reviews the risk management process through the Audit Committee. The Risk Management Report of the Group is on pages 207 to 214 of this report.

12. Internal Controls

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company and the Group are safeguarded and appropriate systems are in place to minimise and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

Board of Directors' Statement on Internal Controls is on pages 200 to 201, the Statement of Directors' Responsibilities is on page 219 and the Audit Committee Report is set out on pages 197 and 198 of this report provide further information in respect of the above.

13 Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided in the Financial Statements. A confirmation of same is included in the Statement of Directors' Responsibilities on page 219 of this Annual Report.

14. Integrated Annual Report

The Board of Directors acknowledges its responsibility to ensure the integrity of the Annual report and to ensure that it provides a balanced view of its performance, addressing all material issues that may have an impact on the Group's capacity to create value.

The Board is of the opinion that the Integrated Annual Report of Aitken Spence PLC for the financial year ended 31st March 2021 is presented in accordance with the IR Framework as well as other reporting frameworks.

15. Corporate Sustainability

The Board of Directors guides and supports the Group's integrated sustainability strategy and the implementation of the structured and dynamic sustainability framework by a network of committed members across the Group. The Key Performance Indicators achieved, awards and recognition received during the year are a testament to the Group's commitment as it continues to benchmark its practices against global standards and best practices in a myriad of aspects that affect or potentially affect delivery of growth. More details of the Group's sustainability efforts are included in the Management Discussion and Analysis of this report and at www.aitkenspence.com/sustainability.

16. Shareholder Information

There were 5,257 shareholders as at 31st March 2021. The distribution schedule of the number of shareholders and their shareholdings are detailed on pages 171 to 172 of this Annual Report. The names of the twenty largest shareholders, together with their shareholdings as at 31st March 2021 are given on page 172 of this Annual Report. The percentage of the shares held by the public as at 31st March 2021 was 45.68% which was in the hands of 5,250 public shareholders.

Information relating to earnings per share and the net assets per share for the Company and Group, the dividend per share and the closing price per share are given on pages 168 to 173 of this Annual Report.

17. Auditors

The independent Auditors' report on the Financial Statements is given on pages 220 to 224 of the Annual Report. The retiring Auditors Messrs. KPMG, Chartered Accountants have expressed their willingness to continue in office and a resolution to re-appoint them as Auditors and to authorise the Board to determine their remuneration will be proposed at the Annual General Meeting of the Company.

The audit fees payable for the year to the Company Auditors Messrs. KPMG, Chartered Accountants was Rs. 1.5 million (2019/20 – Rs. 1.5 million). In addition to the above Rs. 3.3 million (2019/20 – Rs. 2.1 million) was payable by the Company for permitted audit related and non-audit related services. Messrs. KPMG Chartered Accountants, the Auditors of the Company are also the

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Auditors of certain subsidiaries, joint ventures and associate companies of the Group. The details of the subsidiaries, joint ventures and associate companies audited by them are included on pages 343 to 350 of this Annual Report.

The amount payable by the Group to Messrs. KPMG, Chartered Accountants as audit fees was Rs.22.3 million (2019/20 – Rs.22.0 million) while a further sum of Rs.20.5 million (2019/20 – Rs.8.0 million) was payable for permitted audit and non-audit related services. In addition to the above Rs.8.4 million (2019/20 – Rs.8.1 million) was payable to other auditors for carrying out audits of the subsidiaries conducted by them. The amount payable to such other auditors for permitted audit and non-audit related services was Rs.7.1 million (2019/20 – Rs.3.9 million). As far as the Directors are aware, the Auditors neither have any other relationship with the Company nor any of its subsidiaries, joint ventures and equity accounted investees that would have an impact on their independence.

Deshamanya D.H.S. Jayawardena
Chairman

Dr. M.P. Dissanayake
Deputy Chairman and Managing Director

Aitken Spence Corporate Finance (Private) Limited
Company Secretaries

Colombo

28th May 2021

MANAGING RISKS AND OPPORTUNITIES

Aitken Spence has navigated through volatile operational environments for over 150 years but managing risks and seeking opportunities had never been so important to the Group than this year. The COVID-19 is impacting our businesses globally by disrupting supply chains, travel, production and consumption, threatening operations and financial strength. As a diversified conglomerate operating in many countries, our risk management framework and capabilities are constantly evolving to suit the dynamism of the environment, to mitigate the immediate risks and to ensure the long-term growth and sustainability of our many businesses.

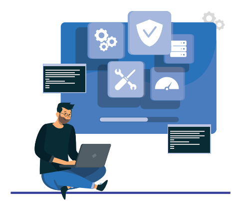
The Group Enterprise Risk Management (ERM) Framework

The ERM framework of the Group spans the entire organisation, from the Board of Directors, right through to the operational level. A risk coordinator has been appointed at each line of business, central function, business function and subsidiary, to coordinate the risk management activities as well as support the building of a risk awareness culture. Each staff member has a role in managing risks and our risk management structure emphasizes this aspect.

Risk Management Structure

STRATEGIC LEVEL

The Board is responsible for risk management of the Group. Risk is reviewed at each Board meeting and appropriate responses are formulated or approved and resources allocated as necessary. The main objective in monitoring risk exposure is to secure the stability of the Group and manage risks and returns within the Group's risk appetite while pursuing corporate goals.



OPERATIONAL LEVEL

Each strategic business unit is responsible for identification, measurement, monitoring, management and reporting of risks to their respective Boards and to the strategic risk unit. Consideration of the business climate, competition, stakeholder concerns and the SBU's business goals form part of this process.

THE STRATEGIC RISK UNIT

The unit is responsible for collating and aggregating risk assessments as well as providing technical guidance to SBUs to ensure accurate identification, assessment and management of risks.

MANAGING RISKS AND OPPORTUNITIES

BOARD OF DIRECTORS (BOD)

As the head of the risk governance structure, the BOD approves high level risk parameters for individual SBUs and the Group.

GROUP SUPERVISORY BOARD

Focuses on policy and strategic matters in an operational and administrative context.

AUDIT COMMITTEE

Reviews the adequacy of the risk management framework by evaluating risk management reports submitted by the risk management unit as well as from internal and external auditors.

MANAGEMENT COUNCIL

Designs, operates and monitors risk management and control processes at SBU and Group level, while ensuring that strategies adopted by SBUs are in line with the risk parameters of the Group and addresses stakeholder concerns including the mitigation of possible adverse actions of stakeholders.

INTERNAL AUDIT DEPARTMENT

Maintains strict independence in all the work it performs from the management of individual SBU. The department has three specialised sub units covering key areas of the risk management process.

RISK OWNERS AND MANAGERS

Evaluates the status of risk and effectiveness of risk mitigation through day-to-day oversight of risks and risk mitigation actions, while improving risk mitigation strategies where possible.

GROUP TREASURY

Monitors movements in foreign exchange and interest rates with the objective of timely employing hedging tools such as forwards and swaps to eliminate or minimise financial losses.

INTEGRATED SUSTAINABILITY TEAM

The sustainability team is a group of cross-functional and diverse executive level representatives from all strategic business units of the Group. This team spearheads the implementation of Aitken Spence PLC's integrated sustainability policy framework within their operations.

FINANCE AND OPERATIONAL AUDIT

Performs audits to verify compliance with the internal control framework and reviews its adequacy.

STRATEGIC RISK

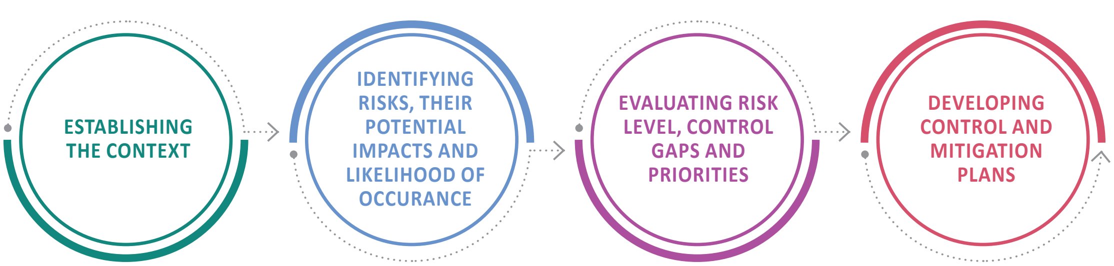
Responsible for sector-wise financial, strategic and operational risk assessments on a micro as well as macro level.

INFORMATION SECURITY

Responsible for reviewing the adequacy of controls of both existing and new IT infrastructure, information assets and software applications.

Risk Management Process

Managing risks is a continuous and interactive process. It involves stakeholder communication and consultation as well as regular monitoring and review. The process is integrated into our business and decision-making processes and involves:



Risk Appetite

Risk appetite is the degree of risk that the Group is prepared to accept in pursuit of its strategic objectives and business plan. It is the nature and the amount of risk that the Group is willing to accept in pursuit of an appropriate and resilient long-term return on its capital. Accordingly, a risk and return analysis is required for all significant new deals, products and business ventures.

Establishing Risk Appetite

MANAGING RISKS AND OPPORTUNITIES

Risk Landscape 2020-2021

The effects of the COVID-19 pandemic dominated the risk landscape during the year. The pandemic caused a sharp downturn in economic activities around the world including in Sri Lanka, as the response to curb the spread of COVID-19 required the stringent adherence to new health and safety regulations, changed work practices and also limited the travel within and between countries. Consumer demand patterns also saw a shift towards more essential goods and preference for online channels that minimized human intervention. An unprecedented policy support was extended by the Government and the Central Bank to revive the economy through the provision of assistance to those who are at the lower end of income levels, regulations supporting funding for affected individuals and businesses by mechanisms such as moratoria on loans and emergency funding at concessionary rates, and the accommodative monetary policy to keep the cost of funds at low levels. This unprecedented crisis had a serious impact on the Group's Tourism sector although the non-tourism sectors were able to weather the storm successfully and record impressive results.

Currently, several vaccines for COVID-19 have been developed at ground breaking speed and approved worldwide for vaccination of the general populace. The effectiveness of vaccination programmes and susceptibility of new COVID-19 strains to the existing vaccines will determine the path of recovery of this global health crisis.

We have briefly highlighted the risks that the Group faced during the year from the external environment. These risks ensued as direct result of the COVID-19 pandemic, macroeconomic indicators, and governmental policies.

HEALTH AND SAFETY

Health and safety concerns due to COVID-19 prevailed during the entire year that saw the imposition of several (national and area wide) lockdowns.

SEMI VIRTUAL MOBILITY (SVM)

Semi Virtual Mobility (SVM) was introduced during the year to meet the challenges posed by COVID-19 health and safety regulations on the work environment. To enable SVM, investments had to be made and expenditure were incurred on enhancing the digital connectivity enabling the employees to work from home. SVM has also increased the Group's cyber risk, as the likelihood of data breaches and information leakages have increased.

LIQUIDITY

Liquidity was one of the key challenges during the year. All non-essential capital expenditure was put on hold for the first six months of the year. The Group also negotiated new working capital as well as term funding lines from financial institutions at very favourable interest rates while COVID-19 affected businesses received debt moratoria and concessionary working capital funding.

BORDER CLOSURES

Border closures to curb the spread of COVID-19 and the resultant lack of airline connectivity impacted the Tourism sector. The reopening of Sri Lanka's international airports from January 2021 and vaccination drives in many countries are positive steps towards the revival of this sector which continues to work with government authorities, tour operators and airlines to find innovative localised solutions to the adverse effects wrought by the global pandemic.

SUPPLY CHAIN DISRUPTIONS

During the peak of the pandemic the printing and apparel segments experienced disruptions in raw material; supply chains. The situation is now getting normalised

MACROECONOMIC INDICATORS

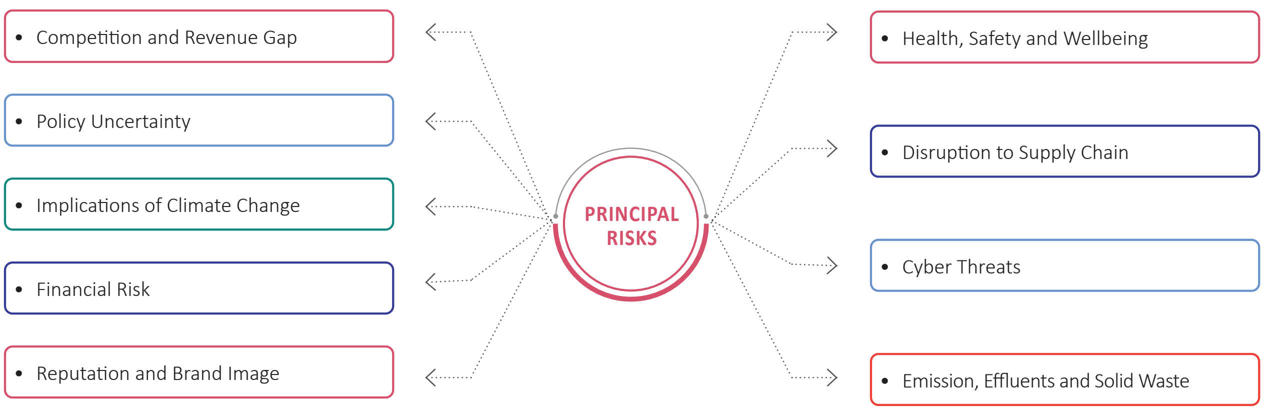
- Depletion of Sri Lanka's foreign reserve position has been one of the main reasons for the downgrade of country's credit rating. This will pose many challenges in attracting FDIs and could result in fewer investment opportunities for the Group.
- Depreciation of currency leads to increased costs of imported raw materials and spare parts which affects printing, elevators, power generation and logistics segments.

GOVERNMENT POLICY

- Imposition of unexpected exchange controls and regulations had an impact on various business segments of the Group.
- Import restrictions imposed recently have resulted in lower inward cargo volumes impacting the Maritime and Freight Logistics sector.
- Restrictions imposed on certain agricultural products such as palm oil could result in an adverse impact on the plantations segment.

Principal Risks

Through our risk management process, the Group has identified 9 main risks with the potential to adversely impact our operations to create value. The impact to the Group from other risks have been comparatively low and mitigated to a great extent.



Risks	Mitigation Strategies

Health, Safety and Well-being

Risks

With the threat of the pandemic continuing, the safety and well-being of our employees and other stakeholders will be a priority.

We have also taken measures to safeguard employees, who are exposed to higher levels of health and safety risks in several businesses within the Group.

Assessment	2020-2021	2019-2020
Impact	High	High
Likelihood	High	Moderate

Mitigation Strategies

- Occupational Health and Safety officers are appointed throughout the Group and are provided with the necessary training to draw up guidelines to ensure the health and safety of our employees.
- In the hotel segment special training programmes were rolled out with standard operating procedures (SOPs) issued to guide hotel staff. The "SpenceSafe Safety Plan" is communicated to all customers.
- Guidelines were implemented throughout the business segment as per the safety and health guidelines issued by Governments in the regions, we operate in.
- Regular sanitising of office and factory premises are carried out.
- Temperature checks on entry for all staff and visitors are performed.
- Mandatory wearing of face masks in all our premises.
- Staff are encouraged to avoid using public transport as a measure of minimizing the spread. Further, staff are encouraged to work from home where feasible.
- All employees are required to complete a weekly health declaration form which assisted the Group to monitor the employee health and safety statistics.

Disruption to Supply Chain

Risks

The Group experienced several supply chain disruptions that impacted the smooth flow of operations. Production-oriented segments, such as printing and packaging and apparel segments, that sourced raw materials from overseas were mostly affected.

Assessment	2020-2021	2019-2020
Impact	Moderate	N/A
Likelihood	Moderate	N/A

Mitigation Strategies

- Maintain buffer stocks of regularly required items.
- Work with suppliers to reduce lead times.
- Communicate potential delays early to customers and keep them informed of the progress regularly.

MANAGING RISKS AND OPPORTUNITIES

Risks	Mitigation Strategies
Competition and Revenue Gap	
Escalating competitive pressures may affect the Group from achieving its predicted margins and market shares. Most markets in which the Group operate are characterized by strong competition and are often price driven.	• Leveraging on the long-standing reputation of the "Aitken Spence" brand as a tool to create sustainable competitive advantage. • Regular and systematic competitor analysis is performed by each sector, with adequate measures taken to ensure sustaining the Group's competitiveness. • The Group actively seeks strategic portfolio diversification to obtain a competitive advantage and stay ahead of its competitors. • Ongoing efforts to strengthen the Group's intellectual capital through investments in research and development and leadership in global best practices.

Assessment	2020-2021	2019-2020
Impact	High	N/A
Likelihood	High	N/A

Risks	Mitigation Strategies
Policy Uncertainty	
Exchange control regulations imposed recently may have adverse impacts on the Group. Restriction on palm oil cultivation may hinder the plantation segment. Uncertainty on the future of the thermal power plant could affect the profitability of the power generation segment.	• The strategic risk unit of the Group closely monitors the domestic and global economic environments, for adverse changes in the regulatory framework, and mitigation strategies are promptly implemented. • The Power generation segment has expanded its renewable energy portfolio through new investments in solar and hydro power. In addition, the first ever waste to energy power plant was commissioned during the year, further diversifying the segment's renewable energy footprint.

Assessment	2020-2021	2019-2020
Impact	Moderate	N/A
Likelihood	High	N/A

Risks	Mitigation Strategies
Implication of Climate Change	
The global climate is changing, and will continue to change, in ways that affect the planning of day to day operations of businesses. The manifestations of climate change include higher temperatures, altered rainfall patterns, and more frequent or intense extreme events such as heatwaves, droughts, and storms. Tourism sector and plantation segment are susceptible to climate change.	• Insurance of property, plant and equipment and inventory against damage from extreme weather events. • Integrated approach to sustainability supporting reduction of the Group's carbon footprint and water footprint. • Heads of departments and a core team appointed with cross functional representation from the Group have also been trained on disaster risk reduction and business continuity planning to develop mitigation and adaptation strategies.

Assessment	2020-2021	2019-2020
Impact	Moderate	Moderate
Likelihood	High	High

Risks	Mitigation Strategies

Financial Risk

The Group's investments and operations, which are mostly long term in nature, are exposed to various financial risks including liquidity, counterparty, interest rate and exchange rate risks.

The Group's debt obligations linked to variable interest rates exposes it to interest rate risk.

The Group is also exposed to foreign exchange rate risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

Maintaining adequate liquidity to ensure uninterrupted operations was a key priority for the Group this year as business volumes dropped and payments were delayed.

Assessment	2020-2021	2019-2020
Impact	High	High
Likelihood	High	High

Further details on financial risk management including sensitivity analysis on exchange rates and interest rates, liquidity and credit profiles of the Group are given in Note 39 to the financial statements (pages 312 to 321).

- The Group maintains strong relationships with lenders which enable sourcing of funds at optimal rates.
- Market interest rates are continuously monitored, to ensure appropriate and timely measures are taken to maximize the return on financial investments and minimize the cost of borrowings.
- Hedging transactional foreign currency exposures (debt and payments) in line with the Group's treasury policy.
- Pursuing "natural hedge" by matching currency of revenue, cost and debt; and making sure project level debt financing are in and / or swapped into functional currency where possible.
- Managing receivables was the focus of the Group Supervisory Board and the senior management which ensured that working capital levels of the Group remained strong despite the business downturn.
- Proactive credit policies have been implemented in sectors. Before granting credit the client's credibility and the potential credit risk is assessed via a rigorous process.
- The Group legal division swiftly actions recovery of overdue debts.

Reputation and Brand Image

The Group renders its services and products to millions of customers and interacts with hundreds and thousands of stakeholders annually, exposing the Group to potential reputational risk. Widespread use of social media has also allowed individuals to publish feedback on their interactions with the brand. Reputational risk, if not properly managed can quickly escalate and impair the Group's brand image.

Assessment	2020-2021	2019-2020
Impact	High	High
Likelihood	Low	Low

- A centralized corporate communications unit coordinates all media communications, to ensure consistency.
- High standard of ethics is practiced by all staff while conducting all forms of business activities.
- The Group regularly conducts workshops on ethical behaviour and procedures on anti-corruption for its staff. A copy of the code of ethics is given to all new recruits.

Cyber Threat

Majority of the Group processes are supported by one or many internet driven services. While the Group encourages work from home practices, this in turn presents a unique set of cyber threats.

Assessment	2020-2021	2019-2020
Impact	High	High
Likelihood	High	Moderate

- Group-wide staff awareness and programmes were conducted on information security and on handling of sensitive information.
- Different protection technology implemented to manage network perimeter defence, data loss, cyber-spoofing, distributed denial of service attack and monitor suspicious cyber activities with regular testing and verification of controls by third parties.
- The Group's centralized Information Technology (IT) division was awarded the Information Security Management Systems (ISMS) ISO 27001:2005 in 2014, which was upgraded to ISO 27001:2013 in 2015. This serves as the governing practice for Group IT services.

MANAGING RISKS AND OPPORTUNITIES

Risks	Mitigation Strategies
Generation of emissions, effluents and solid waste	
Day to day activities the Group engages in may have an impact on the environment, communities and the sustainability of our businesses.	• The Group has in place an integrated approach to sustainability and a key element of that strategy is the commitment to protect the environment, especially the ecosystems the Group operates in. • The Group have 40+ Environmental Management Systems in place, several of which, are in line with global benchmarks and standards. • Heritance hotels are ISO 50001 certified for their Energy Management System. • Plantations in the upcountry cluster are Rainforest Alliance certified. Low country estate activities are in line with the Forestry Stewardship Council system requirements. • Sustainability committees of the SBUs assign and train sustainability champions to monitor and maintain the above systems.

Assessment	2020-2021	2019-2020
Impact	Moderate	Moderate
Likelihood	Low	Low

HARMONIZING HAVOC

We're creating a sense of harmony and balance by displaying a strong performance amid times of instability and disarray. As in the past, we're consistently embodying a powerful symphony of value creation that will extend to every stakeholder in the years to come.

Financial Statements

FINANCIAL INFORMATION

Financial calendar 2020/2021

Interim Financial Statements	
Interim financial statements for the three months ended on 30th June 2020	Approved on 12th August 2020
Interim financial statements for the six months ended on 30th September 2020	Approved on 12th November 2020
Interim financial statements for the nine months ended on 31st December 2020	Approved on 12th February 2021
Interim financial statements For the year ended 31st March 2021	Approved on 21st May 2021
Audited Financial Statements	
Audited financial statements for year ended on 31st March 2021	Approved on 28th May 2021
Dividends	
Final dividend for the year ended on 31st March 2020	Paid on 09th July 2020
Final dividend for the year ended on 31st March 2021	Proposed on 21st May 2021
Annual General Meeting	
69th Annual General Meeting	30th June 2021

Financial highlights

	Q1 2020/2021 Rs. Millions	Q2 2020/2021 Rs. Millions	Q3 2020/2021 Rs. Millions	Q4 2020/2021 Rs. Millions	Year ended 2020/2021 Rs. Millions
Revenue	5,500	6,703	7,435	11,960	31,598
Profit /(loss) from operations	(1,736)	(796)	(189)	1,860	(861)
Profit /(loss) for the year	(2,359)	(1,405)	(738)	1,188	(3,314)
Profit /(loss) Attributable to Equity holders of the company	(1,511)	(801)	(334)	1,020	(1,626)
Earnings /(loss) per share (Rs.)	(3.72)	(1.97)	(0.82)	2.51	(4.00)
Net assets per share (Rs.)	120.26	118.16	117.43	121.90	121.90

INDEX TO THE FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act No.7 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors, in relation to the Financial Statements of Aitken Spence PLC and the Consolidated Financial Statements of the Group are set out in this report.

The Directors confirm that the Financial Statements and other statutory reports of the Company and its subsidiaries for the year ended 31st March 2021 incorporated in this report have been prepared in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the companies within the Group maintain adequate and accurate records which reflect the true financial position of each such company and hence the Group. The Directors have taken appropriate and reasonable steps to safeguard the assets of the Company and the Group. The Directors have instituted appropriate systems of internal control in order to minimise and detect fraud, errors and other irregularities. The Directors in maintaining a sound system of internal control and in protecting the assets of the Company, have further adopted risk management strategies to identify and evaluate the risks which the Company could be exposed to and its impact to the Company. The Directors having considered the Group's business plans, and a review of its current and future operations, are of the view that the Company and the Group have adequate resources to continue in operation. The Directors have adopted the going concern basis in preparing the Financial Statements.

The Financial Statements presented in this Annual Report for the year ended 31st March 2021, have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2021 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2021 reflect a true and fair view of the Company and the Group.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their duties. The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Independent Auditors Report.

The Directors confirm that to the best of their knowledge all payments to employees, regulatory and statutory authorities due and payable by the Company and its subsidiaries have been either duly paid or adequately provided for in the Financial Statements. The Directors further confirm that they promote the highest ethical, environmental and safety standards within the Group. The Directors also ensure that the relevant national laws, international laws and codes of regulatory authorities, professional institutes and trade associations have been complied with by the Group.

By order of the Board,

Aitken Spence PLC

Aitken Spence Corporate Finance (Private) Limited

Company Secretaries

Colombo

28th May 2021

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
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To the Shareholders of Aitken Spence PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aitken Spence PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2021, and the income statement, 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 and other explanatory information as set out on pages 225 to 331.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Management assessment of the potential impacts of the Coronavirus (COVID-19) on the Tourism sector companies ability to continue as going concern

Refer the note 2.10 and 46 to the consolidated financial statements

Risk Description	Our response
Note 2.10 and 46 in the financial statements describes the impact of the COVID-19 outbreak on Tourism sector companies in the current year financial statements and the possible effects of the future implications of the COVID-19 outbreak on the Group financial statements specially future prospects, performance and cash flows from the Tourism sector which contributes 21% to the revenue and 53% to the assets of the Group.	Our audit procedures included, • Obtaining the cash flow projections covering period of not less than twelve months from the reporting date and challenging these key assumptions used in preparing the projections.

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We identified the management assessment of potential impact of the COVID-19 to the Tourism sector's ability to continue as a going concern as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain and involves significant management judgment in assessing future projections.	• Evaluating the sensitivity of the projected available cash by considering downside scenarios together with reasonably plausible changes to the key assumptions and considering whether there were any indicators of management bias in the selection of the assumptions. • Inspecting the facility agreements for the long-term loans to identify any financial covenants or similar terms and assessing the implication of these. • Assessing the adequacy of disclosures in the financial statements in relation to the potential impact of COVID-19 on the Group's ability to continue as going concern with reference to the requirements of the prevailing accounting standards.

Impairment assessment of Goodwill, Investments in subsidiaries and equity- accounted investees

Refer note 17, 20 and 21 to the consolidated financial statements

Risk Description	Our response
The Company holds investments in subsidiaries and investments in equity-accounted investees amounting to Rs. 12,173 million and Rs. 2,787 million respectively as at 31st March 2021. Further, the Group holds investments in equity-accounted investees amounting to Rs. 7,080 million and goodwill amounting to Rs. 968 million as at 31st March 2021. The carrying amount of each investments in subsidiary and investments in equity- accounted investees have been tested for impairment as individual Cash Generating Units and management allocated goodwill to the respective cash-generating units ('CGU") and the recoverable amounts of the identified CGUs have been determined based on value-in-use calculation. Investments that do not generate adequate returns may be an indication of impairment. Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations. Further, the COVID-19 outbreak resulted in interruption in business activities and resulted in loss of income for some of the Group entities, which would adversely affect the ability to generate adequate return and indicate potential impairment indicators. We considered the audit of management's impairment assessment of goodwill, investment in equity accounted investees and investment in subsidiaries to be a key audit matter due to the magnitude of the carrying value and use of significant judgments and estimates.	Our audit procedures included, • Obtaining an understanding of management's impairment assessment process. • Evaluating the reasonableness of the group's key assumptions for its revised cash flow projections such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including Group budgetary process and reasonableness of the historical forecasts. • Reviewing of value in use computations for recoverable amounts with impairment indications and discussion with management of the Group. • Considering the adequacy of the disclosures in the financial statements in respect of impairment testing.

INDEPENDENT AUDITOR'S REPORT

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Recoverability of Deferred Tax Assets

Refer note 22 to the consolidated financial statements

Risk Description	Our response
The Group has recognised deferred tax assets for deductible temporary differences and unused tax losses which management believed would probably be utilised or recovered in the future through the generation of future taxable profits by the Group entities or by set-off against deferred tax liabilities. Further, the COVID-19 outbreak may affect the profit forecasts of certain entities within the Group due to the interruption of business activities resulting in a significant impact to the future taxable profits of the Group, which in turn could affect the recognition of deferred tax assets at the reporting date. We identified the recognition of deferred tax assets as a key audit matter because of its significance to the consolidated financial statements and significant management judgment and estimation required in forecasting future taxable profits which could be subject to error or potential management bias.	Our audit procedures included, • Assessing and challenging the Group's approach for evaluating the likelihood of the recoverability of deferred tax assets. This included challenging the key assumptions in revised future taxable profits forecasts for each Group entity with accumulated unutilised tax losses by comparing the most significant inputs used in the forecasts, including future revenue, margins and operating cost growth rates, with the historical performance of the entities, management's forecasts used for other purposes and our knowledge of the business gained from other audit procedures. • Assessing adequacy of the disclosures in the financial statements.

Financial Instruments

Refer note 37.3 to the consolidated financial statements

Risk Description	Our response
The effective portion of a Cash flow hedge has been recognised under other comprehensive income amounting to Rs. 713 million for the year ended 31st March 2021. A subsidiary company of the Tourism Sector has hedged its Euro currency revenue against the contractual future loan repayments. Rules on hedge accounting requirements and documentation can be complicated. Lack of compliance with documentation rules, hedge effectiveness rules, and probability criteria could lead to income statement volatility. Hedge relationships are formally documented and designated at inception. The documentation includes identification of the hedged item and the hedging instrument and details of the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. If the hedge is not highly effective in offsetting changes in fair values or cash flows attributable to the hedged risk, consistent with the documented risk management strategy, hedge accounting is discontinued. We identified this as a key audit matter due to the complexities and high level of judgment involved in determining the hedging item, hedge instrument and the testing effectiveness as required by the accounting standards.	Our audit procedures included, • Assessing the nature of the hedge relationships and testing compliance with specific hedge accounting requirements for foreign currency hedging. • Examining the accounting treatment applied for the hedge, in particular when reclassifying gains and losses from reserves to the income statement and adjustments to the carrying value of the hedged item. • Assessing the adequacy of the disclosure in financial instruments by agreeing the financial statements to the underlying workings prepared by management and ensuring classification is consistent with the accounting principles.

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Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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.

INDEPENDENT AUDITOR'S REPORT

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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 2599.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
28th May 2021

INCOME STATEMENTS

For the year ended 31st March	Notes	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000	COMPANY 2021 Rs.'000	COMPANY 2020 Rs.'000
Revenue	7	31,597,505	53,471,257	661,534	814,674
Revenue taxes		(136,611)	(492,667)	-	(9,134)
Net revenue		31,460,894	52,978,590	661,534	805,540
Other operating income	8	639,014	850,185	3,005,633	2,418,491
Changes in inventories of finished goods and work-in-progress		(103,595)	11,288	-	-
Raw materials and consumables used		(9,861,831)	(12,933,517)	-	-
Employee benefits expense		(6,765,633)	(9,269,129)	(443,753)	(506,764)
Depreciation, amortisation and impairment (losses) / reversals of non-financial assets	9	(4,593,997)	(4,090,837)	(40,020)	(48,109)
Other operating expenses- direct	10	(7,814,355)	(14,582,350)	-	-
Other operating expenses- indirect		(3,821,633)	(6,762,877)	(315,670)	(376,291)
Profit / (loss) from operations	9	(861,136)	6,201,353	2,867,724	2,292,867
Finance income	11	812,791	792,379	812,763	820,259
Finance expenses	11	(3,171,761)	(3,047,554)	(1,105,271)	(1,492,994)
Net finance expense		(2,358,970)	(2,255,175)	(292,508)	(672,735)
Share of profit of equity-accounted investees (net of tax)	21	375,833	251,484	-	-
Profit / (loss) before tax		(2,844,273)	4,197,662	2,575,216	1,620,132
Income tax expense	12	(469,510)	(1,310,688)	34,324	(20,178)
Profit / (loss) for the year		(3,313,783)	2,886,974	2,609,540	1,599,954
Attributable to:					
Equity holders of the company		(1,625,623)	2,377,591	2,609,540	1,599,954
Non-controlling interests		(1,688,160)	509,383	-	-
Profit / (loss) for the year		(3,313,783)	2,886,974	2,609,540	1,599,954
Earnings / (loss) per share- basic/diluted (Rs.)	13	(4.00)	5.86	6.43	3.94

The notes on pages 233 through 331 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Notes	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000	COMPANY 2021 Rs.'000	COMPANY 2020 Rs.'000
Profit / (loss) for the year		(3,313,783)	2,886,974	2,609,540	1,599,954
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains / (losses) on defined benefit obligations	33	(298,909)	168,990	(30,951)	18,142
Equity investments at FVOCI – net change in fair value		(2,125)	(1,970)	(4,731)	(2,247)
Share of other comprehensive income of equity-accounted investees (net of tax)	21	34,052	(5,740)	-	-
Income tax on other comprehensive income	12.4	160,667	(31,291)	7,901	(4,855)
		(106,315)	129,989	(27,781)	11,040
Items that are or may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		1,028,126	968,572	-	-
Net movement on cash flow hedges	37.3	(712,630)	(291,529)	-	-
Share of other comprehensive income of equity-accounted investees (net of tax)	21	306,326	1,307	-	-
		621,822	678,350	-	-
Other comprehensive income / (loss) for the year, (net of tax)		515,507	808,339	(27,781)	11,040
Total comprehensive income / (loss) for the year		(2,798,276)	3,695,313	2,581,759	1,610,994
Attributable to:					
Equity holders of the company		(971,181)	2,961,835	2,581,759	1,610,994
Non-controlling interests		(1,827,095)	733,478	-	-
Total comprehensive income / (loss) for the year		(2,798,276)	3,695,313	2,581,759	1,610,994

The notes on pages 233 through 331 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF FINANCIAL POSITION

As at	Notes	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	79,826,252	79,399,615	96,464	129,617
Investment properties	16	1,631,580	1,631,840	3,420,576	3,422,396
Intangible assets	17	1,065,966	1,069,997	18,575	18,583
Biological assets	18	63,122	56,275	-	-
Right-of-use assets	19	14,060,406	13,249,662	-	-
Investments in subsidiaries	20	-	-	12,172,524	11,723,777
Investments in equity-accounted investees	21	7,080,305	6,688,625	2,786,545	2,786,545
Deferred tax assets	22	1,196,477	766,677	351,859	299,501
Other financial assets	23	806,856	800,719	16,923	21,654
		105,730,964	103,663,410	18,863,466	18,402,073
Current assets					
Inventories	24	2,355,071	2,834,640	5,015	3,172
Trade and other receivables	25	13,913,250	15,695,545	3,951,616	3,947,170
Current tax receivable		179,431	151,544	46,866	25,499
Deposits and prepayments		1,201,370	1,684,261	84,097	96,982
Other current assets	26	14,378,139	10,850,655	12,369,486	10,141,146
Cash and short-term deposits	27	7,978,916	6,594,267	2,404,940	1,478,385
		40,006,177	37,810,912	18,862,020	15,692,354
Assets classified as held for sale	28	1,243,219	1,189,650	72,237	72,237
Total assets		146,980,360	142,663,972	37,797,723	34,166,664
EQUITY AND LIABILITIES					
Equity					
Stated capital	29.1	2,135,140	2,135,140	2,135,140	2,135,140
Reserves	29.2	28,014,136	25,165,268	14,171,825	12,175,797
Retained earnings		19,340,780	23,648,558	2,644,597	2,566,361
Total equity attributable to equity holders of the company		49,490,056	50,948,966	18,951,562	16,877,298
Non-controlling interests		9,702,142	12,355,105	-	-
Total equity		59,192,198	63,304,071	18,951,562	16,877,298
Non-current liabilities					
Interest-bearing loans and borrowings	30	38,910,494	34,700,410	2,842,223	2,826,859
Lease liabilities	31	11,854,057	10,360,318	-	-
Deferred tax liabilities	32	2,393,061	2,358,017	-	-
Employee benefits	33	1,300,212	884,793	98,837	66,214
Other liabilities	34	390,293	386,274	-	-
		54,848,117	48,689,812	2,941,060	2,893,073
Current liabilities					
Interest-bearing loans and borrowings	30	4,114,777	3,357,190	1,119,163	182,626
Lease liabilities	31	1,278,998	763,965	-	-
Trade and other payables	35	12,204,824	13,281,399	6,565,541	7,094,876
Current tax payable		258,778	371,444	-	-
Other financial liabilities	36	-	30,005	-	27,275
Bank overdrafts and other short-term borrowings	27	15,082,668	12,866,086	8,220,397	7,091,516
		32,940,045	30,670,089	15,905,101	14,396,293
Total equity and liabilities		146,980,360	142,663,972	37,797,723	34,166,664

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 233 to 331.
I certify that the financial statements for the year ended 31st March 2021 are in compliance with the requirements of the Companies Act No. 7 of 2007.

Ms. N. Sivapragasam
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.
For and on behalf of the Board:

Deshamanya D.H.S. Jayawardena
Chairman

Dr. M. P. Dissanayake
Deputy Chairman and Managing Director

28th May 2021.
Colombo, Sri Lanka

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2021	Attributable to equity holders of the company			
	Stated capital	Revaluation reserve	Other Capital reserves	General reserves
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2019	2,135,140	8,891,057	148,440	10,947,156
Adjustment on initial application of SLFRS 16 and IFRIC 23, net of tax	-	-	-	-
Adjusted balance as at 01st April 2019	2,135,140	8,891,057	148,440	10,947,156
Profit for the year	-	-	-	-
Other comprehensive income for the year (note 29.3.1)	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Share of net assets of equity-accounted investees	-	-	-	-
Acquisition and changes in non-controlling interest	-	(4,036)	-	-
Transfer to reserves	-	-	-	1,279,632
Final dividends for 2018/2019 (note 14)	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-
Total contributions and distributions recognised directly in equity	-	(4,036)	-	1,279,632
Balance as at 31st March 2020	2,135,140	8,887,021	148,440	12,226,788
Loss for the year	-	-	-	-
Other comprehensive income / (loss) for the year (note 29.3.1)	-	132,540	-	-
Total comprehensive income / (loss) for the year	-	132,540	-	-
Share of net assets of equity-accounted investees	-	-	-	-
Acquisition and changes in non-controlling interest	-	-	-	-
Transfer to reserves	-	-	-	2,000,286
Final dividends for 2019/2020 (note 14)	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-
Total contributions and distributions recognised directly in equity	-	-	-	2,000,286
Balance as at 31st March 2021	**2,135,140**	**9,019,561**	**148,440**	**14,227,074**

The notes on pages 233 through 331 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Attributable to equity holders of the company					Non-controlling interests	Total equity
Exchange fluctuation reserve	Fair value reserve	Cash flow hedge reserve	Retained earnings	Total		
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
3,902,977	(6,747)	(466,841)	23,899,401	49,450,583	12,635,237	62,085,820
-	-	-	(948,697)	(948,697)	(142,608)	(1,091,305)
3,902,977	(6,747)	(466,841)	22,950,704	48,501,886	12,492,629	60,994,515
-	-	-	2,377,591	2,377,591	509,383	2,886,974
610,547	(1,773)	(130,296)	105,766	584,244	224,095	808,339
610,547	(1,773)	(130,296)	2,483,357	2,961,835	733,478	3,695,313
-	-	-	82,384	82,384	-	82,384
(4,848)	-	-	20,739	11,855	(4,842)	7,013
-	-	-	(1,279,632)	-	-	-
-	-	-	(608,994)	(608,994)	-	(608,994)
-	-	-	-	-	(866,160)	(866,160)
(4,848)	-	-	(1,785,503)	(514,755)	(871,002)	(1,385,757)
4,508,676	(8,520)	(597,137)	23,648,558	50,948,966	12,355,105	63,304,071
-	-	-	(1,625,623)	(1,625,623)	(1,688,160)	(3,313,783)
1,036,457	(1,912)	(318,503)	(194,140)	654,442	(138,935)	515,507
1,036,457	(1,912)	(318,503)	(1,819,763)	(971,181)	(1,827,095)	(2,798,276)
-	-	-	20,016	20,016	(7,295)	12,721
-	-	-	(250)	(250)	10,162	9,912
-	-	-	(2,000,286)	-	-	-
-	-	-	(507,495)	(507,495)	-	(507,495)
-	-	-	-	-	(828,735)	(828,735)
-	-	-	(2,488,015)	(487,729)	(825,868)	(1,313,597)
5,545,133	**(10,432)**	**(915,640)**	**19,340,780**	**49,490,056**	**9,702,142**	**59,192,198**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2021	Stated capital Rs.'000	General reserves Rs.'000	Fair value reserve Rs.'000	Retained earnings Rs.'000	Total Rs.'000
Balance as at 01st April 2019	2,135,140	10,917,492	(19,305)	3,038,249	16,071,576
Adjustment on initial application of IFRIC 23	-	-	-	(196,278)	(196,278)
Adjusted balance as at 01st April 2019	2,135,140	10,917,492	(19,305)	2,841,971	15,875,298
Profit for the year	-	-	-	1,599,954	1,599,954
Other comprehensive income for the year (note 29.3.2)	-	-	(2,022)	13,062	11,040
Total comprehensive income for the period	-	-	(2,022)	1,613,016	1,610,994
Transfer to general reserve	-	1,279,632	-	(1,279,632)	-
Final dividends for 2018/2019 (note 14)	-	-	-	(608,994)	(608,994)
Total contributions and distributions recognised directly in equity	-	1,279,632	-	(1,888,626)	(608,994)
Balance as at 31st March 2020	2,135,140	12,197,124	(21,327)	2,566,361	16,877,298
Profit for the year	-	-	-	2,609,540	2,609,540
Other comprehensive loss for the year (note 29.3.2)	-	-	(4,258)	(23,523)	(27,781)
Total comprehensive income / (loss) for the period	-	-	(4,258)	2,586,017	2,581,759
Transfer to general reserve	-	2,000,286	-	(2,000,286)	-
Final dividends for 2019/2020 (note 14)	-	-	-	(507,495)	(507,495)
Total contributions and distributions recognised directly in equity	-	2,000,286	-	(2,507,781)	(507,495)
Balance as at 31st March 2021	**2,135,140**	**14,197,410**	**(25,585)**	**2,644,597**	**18,951,562**

The notes on pages 233 through 331 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF CASH FLOWS

For the year ended 31st March	Notes	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000	COMPANY 2021 Rs.'000	COMPANY 2020 Rs.'000
Cash flows from operating activities					
Profit / (loss) before tax		(2,844,273)	4,197,662	2,575,216	1,620,132
Adjustments for					
Depreciation and amortisation		4,605,181	4,112,097	40,020	48,109
Interest expense		3,068,152	2,857,834	1,101,388	1,484,981
Gain on partial disposal / liquidation of subsidiaries	8	(14,058)	16,519	(3,230)	17,672
Gain on disposal of subsidiaries	8	-	(54)	(8,660)	(53)
Gain on disposal of equity securities – at FVTPL	8	(210)	-	(210)	-
Interest income	11	(812,791)	(792,379)	(812,763)	(820,259)
Share of profit of equity-accounted investees (net of tax)	21	(375,833)	(251,484)	-	-
Impairment reversals of inventories		(11,184)	(21,260)	-	-
Impairment losses and write offs of trade and other receivables		142,638	158,761	-	-
Net foreign exchange (gain) / loss		59,001	482,627	119,853	188,164
Provision for retirement benefit obligations	33	231,072	189,907	15,974	14,626
		6,891,968	6,752,568	452,372	933,240
Operating profit before working capital changes		4,047,695	10,950,230	3,027,588	2,553,372
(Increase)/decrease in trade and other receivables		1,639,657	(689,783)	(4,446)	(340,773)
(Increase)/decrease in inventories		490,753	(611,333)	(1,843)	(1,114)
(Increase)/decrease in deposits and prepayments		426,628	125,751	4,679	(3,406)
Increase/(decrease) in trade and other payables		(1,080,034)	111,413	(532,794)	23,639
Increase/(decrease) in other liabilities		4,019	(163,620)	-	-
		1,481,023	(1,227,572)	(534,404)	(321,654)
Cash generated from operations		5,528,718	9,722,658	2,493,184	2,231,718
Interest paid		(1,215,594)	(2,579,363)	(1,091,507)	(1,459,043)
Income tax paid		(731,746)	(1,370,236)	(23,295)	(100,412)
Retirement benefit obligations paid	33	(129,184)	(151,690)	(14,302)	(10,846)
		(2,076,524)	(4,101,289)	(1,129,104)	(1,570,301)
Net cash generated from operating activities		3,452,194	5,621,369	1,364,080	661,417

(carried forward to next page)

The notes on pages 233 through 331 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF CASH FLOWS

For the year ended 31st March	Notes	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000	COMPANY 2021 Rs.'000	COMPANY 2020 Rs.'000
(brought forward from previous page)					
Cash flows from investing activities					
Interest received		783,749	791,139	784,897	819,851
Investment in subsidiaries and equity accounted investees		(83,679)	(24,202)	(450,000)	(1,575,000)
Investment in equity securities and debt		(722)	(20,849)	(722)	(20,849)
Proceeds from partial disposal of a subsidiary		9,912	-	9,912	-
Acquisition of property, plant and equipment *	15	(2,312,636)	(9,811,758)	(1,709)	(27,978)
Acquisition of intangible assets	17	(9,298)	(131,442)	(5,130)	(18,458)
Acquisition of biological assets *	18	(8,243)	(8,502)	-	-
Proceeds from disposal of property, plant and equipment		42,405	26,867	5,030	-
Proceeds from retirement of equity securities and debt		12,958	67,500	12,958	54,167
Proceeds/(purchase) from other financial assets and liabilities (net)		(3,059,407)	(368,869)	(2,248,229)	105,471
Final liquidation proceeds of subsidiary		-	54	-	54
Dividends paid to non-controlling interests		(828,735)	(866,160)	-	-
Dividends received from equity accounted investees		420,931	99,959	-	-
Net cash generated used in investing activities		(5,032,765)	(10,246,263)	(1,892,993)	(662,742)
Cash flows from financing activities					
Proceeds from interest-bearing loans and borrowings	30	2,300,245	5,892,822	1,000,000	-
Repayment of interest-bearing loans and borrowings	30	(653,620)	(3,019,088)	(198,462)	(1,287,613)
Payment of lease liabilities	19.3	(495,673)	(744,118)	-	-
Issue of shares by subsidiary companies		-	7,027	-	-
Dividends paid to equity holders of the parent		(504,036)	(745,675)	(504,036)	(745,675)
Net cash generated from / (used in) financing activities		646,916	1,390,968	297,502	(2,033,288)
Net decrease in cash and cash equivalents		(933,655)	(3,233,926)	(231,411)	(2,034,613)
Cash and cash equivalents at beginning of the year		(6,271,819)	(3,125,277)	(5,613,131)	(3,632,860)
Effect of movements in exchange rates		101,722	87,384	29,085	54,342
Cash and cash equivalents at end of the year	27	(7,103,752)	(6,271,819)	(5,815,457)	(5,613,131)

* Acquisition of property, plant and equipment and biological assets includes capitalised borrowing cost paid by the Group of Rs. 774.2 million (2019/2020 - 1,412.7 million) and Rs. 2.7 million (2019/2020- 3.0 million) respectively. (Company-nil).

The notes on pages 233 through 331 form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

Aitken Spence PLC., (the "Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is located at "Aitken Spence Tower II", 315 Vauxhall Street, Colombo 02.

The consolidated financial statements of the Group as at, and for the year ended 31st March 2021 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activities of the Company and the other entities consolidated with it are disclosed in pages 343 to 350 of this report.

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

2 Basis of Preparation

2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs), laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

These financial statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs and regulations governing the preparation and presentation of the Financial Statements.

2.2 Responsibility for financial statements

The Board of Directors of the Company acknowledges its responsibility for the Financial Statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for Financial Statements" and the "certification on the Statement of Financial Position".

2.3 Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31st March 2021 were approved and authorised for issue by the Board of Directors on the 28th of May 2021.These financial statements include the following components :

- an Income Statement and a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review. Refer pages 225 and 226;
- a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end. Refer page 227;
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company. Refer pages 228 to 230;
- a Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows. Refer page 231;
- notes to the financial statements comprising significant accounting policies and other explanatory information. Refer pages 233 to 331.

2.4 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items stated in the Statement of Financial Position

Item	Basis of measurement	Note number
Land (recognised under property, Plant and Equipment)	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation.	3.4 and 15
Financial assets classified as fair value through profit or loss	Measured at fair Value	3.3.1 and 26
Financial assets classified as fair value through other comprehensive income.	Measured at fair Value	3.3.1 and 23.1.1
Retirement benefit obligations	Measured at the present value of the defined benefit obligation	3.12 and 33
Lease liabilities	Measured at amortised cost using effective interest method	3.6.1.2 and 31

NOTES TO THE FINANCIAL STATEMENTS

2.5 Functional and presentation currency

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

The financial statements are presented in Sri Lankan Rupees. All financial information presented in Rupees has been rounded to the nearest thousand except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Each Group company determines its own functional currency and items included in the financial statements of these companies are measured using that functional currency. There were no changes in the presentation or functional currency of the Group companies during the year under review.

Functional currency of all the Group companies is Sri Lankan Rupees other than the following companies whose functional currency is either based on the country of incorporation of the respective company or elements that could influence in determining its functional currency.

Company	Country of incorporation	Functional currency
Aitken Spence Hotel Managements Asia (Pvt) Ltd.	Sri Lanka	United States Dollar
Aitken Spence Hotels International (Pvt) Ltd.	Sri Lanka	United States Dollar
Aitken Spence Global Operations (Pvt) Ltd.	Sri Lanka	United States Dollar
A.D.S. Resorts Private Limited.	Maldives	United States Dollar
Unique Resorts Private Limited.	Maldives	United States Dollar
Jetan Travel Services Company Private Limited.	Maldives	United States Dollar
Ace Resorts Private Limited.	Maldives	United States Dollar
Cowrie Investment Private Limited.	Maldives	United States Dollar
Ace Aviation Services Maldives Private Limited.	Maldives	United States Dollar
Interlifts International Private Limited.	Maldives	United States Dollar
Aitken Spence Resorts (Middle East) LLC.	Oman	Oman Riyal
Aitken Spence Hotel Managements (South India) Limited	India	Indian Rupee
Aitken Spence Hotel Services Private Limited.	India	Indian Rupee
PR Holiday Homes Private Limited.	India	Indian Rupee
Perumbalam Resorts Private Limited.	India	Indian Rupee
Crest Star (B.V.I) Limited.	British Virgin Islands	United States Dollar
Fiji Ports Terminal Limited.	Fiji	Fiji Dollars
Fiji Ports Corporation Limited.	Fiji	Fiji Dollars
Ace Bangladesh Limited.	Bangladesh	Taka
Serendib Investments Ltd.	Fiji	Fiji Dollars
Aitken Spence Travels Myanmar Ltd.	Myanmar	Kyat

2.6 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period.

Or

Is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current liabilities.

The Group classifies deferred tax assets and liabilities under non-current assets and liabilities.

2.7 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies of the Company

2.9 Use of accounting judgements, estimates and assumptions

The preparation of financial statements of the Group and the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported values of assets, liabilities, income, expenses and accompanying disclosures including contingent liabilities. Estimates and judgements which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impact of COVID-19 pandemic

The ongoing COVID-19 pandemic has created a substantial impact on the Sri Lankan and global economy which has impacted the Group's customers, suppliers and its performance; predominantly of the companies in the tourism sector. The Group has taken all possible measures to carry out its operations successfully during the pandemic period. However the impact of the virus has increased the uncertainties of estimates used in the preparation of these financial statements.

These estimation uncertainties are associated with:

- the extent and the duration of the disruption to business in the future;
- the extent and duration of the expected economic downturn and the duration taken for the global economy to recover from the downturn.
- the effectiveness and the extent of the measurements taken by the authorities to support businesses and consumers in the future.

2.10 Going concern

In preparing these financial statements, the management has assessed the existing and anticipated effect of the COVID-19 pandemic on the Group and the appropriateness of the use of the going concern basis of preparation giving special attention to highly impacted sectors such as tourism, based on available information and the short to medium term economic outlook. The Group has been evaluating the resilience of its businesses, considering a wide range of factors such as expected revenue streams, profitability, cost management initiatives implemented by the Group, changes in working capital, management of capital expenditure, debt repayments, cash reserves and available sources of financing including unutilised facilities in order to be able to continue business under current global economic conditions.

Having evaluated the presentations made by the Group companies on their future outlook, the Directors are satisfied that the Company and its Subsidiaries have adequate resources to continue its operations at least, but not limited

NOTES TO THE FINANCIAL STATEMENTS

to, 12 months from the reporting date, to justify adopting the going concern basis in preparing theses financial statements.

3 Summary of significant accounting policies

The Group has consistently applied the following significant accounting policies to all periods presented in the financial statements by the Group and the Company, except as mentioned otherwise.

The Institute of Chartered Accountants of Sri Lanka has issued number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for the current financial year. These amendments and interpretations did not have any significant impact on the reported financial statements of the Group.

3.1 Basis of consolidation

3.1.1 Business combinations and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

As required by SLFRS 3- Business Combinations and amendments to the SLFRS 3, when the Group acquires a business, it assesses the financial assets and liabilities assumed under classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions that exists as at the acquisition date. The Group applies Definition of a Business (Amendments to SLFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

The Group measures goodwill at the acquisition date, as excess of the aggregate of the fair value of the consideration transferred; the recognised amount of any non-controlling interests in the acquiree; the fair value of the pre-existing interest in the acquiree if the business combination is achieved in stages; and the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed; measured at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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 payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity, or else subsequent changes in the fair value of the contingent consideration is recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually as at 31st March or when circumstances indicate that the carrying value of the goodwill may be impaired. For the purpose of impairment testing, from the acquisition date, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

3.1.2 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable and other contractual arrangements.

The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

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

Entities that are subsidiaries of another entity which is a subsidiary of the company are also treated as subsidiaries of the company.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3.1.3 Non-controlling interest

The proportion of the profits or losses after taxation and each component in the other comprehensive income applicable to outside shareholders of subsidiary companies are included under the heading “Non – controlling interests” in the Consolidated Income Statement and the Statement of Profit or Loss and the Other Comprehensive Income. Losses and negative balances applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

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

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

3.1.4 Loss of control

On a loss of control of a subsidiary, the Group immediately derecognises the assets including goodwill, liabilities, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available–for-sale financial asset depending on the level of influence retained.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.1.5 Equity accounted investees (investments in associates and joint ventures)

Associates are those entities in which the Group has significant influence, but does not have control over the financial and operating policies. Significant influence is presumed to exist when the Group holds more than 20% of the voting rights of another entity.

Joint ventures are arrangements in which the Group has joint control and have rights to the net assets of the arrangement. The Group has joint control in a venture when there is contractually agreed sharing of control of the venture and the decisions about the relevant activities of the venture require the unanimous consent of the parties sharing control.

Associates and joint ventures are treated as equity accounted investees and are accounted for using the equity method.

Under the equity method Investments in equity-accounted investees are recognised initially at cost, which includes transaction costs. The carrying amount of the investment is adjusted at each reporting date to recognise changes in the Group’s share of net assets of the equity-accounted investees arising since the acquisition date. Goodwill relating to the equity-accounted investees is included in the carrying amount of the investment. Dividends declared by the equity-accounted investees are recognised against the equity value of the Group’s investment.

The income statement reflects the Group’s share of the results of operations of the equity accounted investees. When there is a change recognised directly in the other comprehensive income or equity of the entity, the Group recognises its share of such changes, when applicable, in the statement of profit or loss and other comprehensive income or the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the equity-accounted investees are eliminated to the extent of the interest in the equity-accounted investees.

The Group’s share of profit or loss of equity accounted investees is shown on the face of the income statement net of tax.

Adjustments are made if necessary, to the financial statements of the equity accounted investees to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its equity accounted investee. When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero and

NOTES TO THE FINANCIAL STATEMENTS

the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If such company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal the share of losses not recognised previously.

The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value and recognises the amount in the income statement.

Upon loss of significant influence over the associate or the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the equity accounted investee disposed and the fair value of the retaining investment and the proceeds from disposal is recognised in the income statement.

3.1.6 Reporting date

All subsidiaries, and equity accounted investees of the Group have the same reporting period as the parent company other than the following companies. However the Group incorporates the results of these companies up to 31st March in the Group's financial statements.

Company	Reporting Period
Fiji Ports Terminal Limited.	31st December
Ace Resorts Private Limited.	31st December
A.D.S. Resorts Private Limited.	31st December
Unique Resorts Private Limited.	31st December
Jetan Travel Services Company Private Limited.	31st December
Cowrie Investment Private Limited.	31st December
Ace Aviation Services Maldives Private Limited.	31st December
Spence Maldives Private Limited.	31st December
Interlifts International Private Limited.	31st December
Fiji Ports Corporation Limited.	31st December
Serendib Investments Ltd.	30th June
Aitken Spence Travels Myanmar Ltd.	30th September

3.1.7 Intra-group transactions

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

3.1.8 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currencies

3.2.1 Foreign currency transactions and balances.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the reporting currency at the exchange rate that prevailed at the date the fair value was determined.

Foreign currency differences arising on re-translation are recognised in the income statement, except for differences arising on the re-translation of FVOCI equity investments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis in the income statement.

3.2.2 Foreign operations

Subsidiaries incorporated outside Sri Lanka are treated as foreign operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at the rate of exchange prevailing on the reporting date. Income and expenses of the foreign entities are translated at the rate of exchange approximating to the actual rate at the dates of the transactions. For practical purposes this is presumed to be the average rate during each month.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity except to the extent the translation difference is allocated to the non-controlling interest. When a foreign operation is disposed of in a manner that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal. If the Group disposes of only part of its interest in the subsidiary but retains control, the relevant portion of the translation reserve is transferred to non-controlling interest. When the Group disposes of only part of its interest in an equity accounted investee that includes a foreign operation while retaining significant influence or joint-control, the relevant proportion of the cumulative amount of the translation reserve is reclassified to the income statement.

3.3 Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument of another entity.

3.3.1 Financial assets

3.3.1.1 Recognition and initial measurement

Financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument with the exception of "Trade Receivables". The Group initially recognises trade receivables when they are originated.

Financial assets other than trade receivables that do not contain a significant financing component are initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition on issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.3.1.2 Classification and measurement

On initial recognition, the Group classifies a financial asset as measured at amortised cost; Fair Value Through Other Comprehensive Income (FVOCI); or Fair Value Through Profit or Loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it is held within a business model where the objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates and the financial asset is not designated as at FVTPL.

A debt investment is measured at FVOCI if it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the debt investment is not designated as at FVTPL.

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

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

3.3.1.3 Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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3.3.1.4 *Assessment whether contractual cash flows are solely payments of principal and interest*

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

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

In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- repayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3.3.1.5 *Subsequent measurement and gains and losses:*

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

3.3.1.6 *Reclassification*

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets.

3.3.1.7 *Derecognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, 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.

If the Group enters into transaction whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, such transferred assets are not derecognised.

3.3.1.8 *Impairment*

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. Loss allowance for debt instruments is measured and 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.

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 obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

- Significant financial difficulty of the borrower or issuer.
- For trade receivables, being more than 365 days past due.
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market to a security because of financial difficulties.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

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

3.3.2 Financial Liabilities

3.3.2.1 Recognition and initial measurement
The Group initially recognises financial liabilities other than debt securities when it becomes a party to the contractual provisions of the instrument. The Group recognises debt securities issued when they are originated.

All financial liabilities are initially measured at fair value and, for an item not at Fair Value Through Profit or Loss (FVTPL), are measured net of transaction costs that are directly attributable to its issue.

The Group's financial liabilities comprise of loans and borrowings, refundable rental and other deposits, bank overdrafts, trade and other payables and derivative financial instruments.

3.3.2.2 Classification, Subsequent Measurement and Gains and Losses
Financial liabilities are classified as measured at amortised cost or FVTPL.

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition of other financial liabilities are recognised in profit or loss.

3.3.2.3 Reclassification
Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

3.3.2.4 Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.3 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Group 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.

3.3.4 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.

3.3.4.1. 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.

3.3.5 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.4. Property, plant and equipment

3.4.1 Recognition and measurement

Items of property, plant and equipment other than land, are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the attributable borrowing costs if the recognition criteria are met. The cost of an item also includes an initial estimate of the cost of dismantling and removing the items and restoring the site on which it is located.

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

The Group recognises land owned by it in the statement of financial position at the revalued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land does not change other than by an insignificant amount at each reporting period the Group will revalue such land every 5 years.

Any revaluation increase arising on the revaluation of such land is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the carrying amount arising on a revaluation of land is recognised in the income statement to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of the same land.

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land owned by the Group based on market values, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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. The details of revaluation of land are disclosed in note 15.3.1 to the financial statements.

3.4.2 Significant components of property, plant and equipment

When parts of an item of property, plant and equipment have different useful lives than the underlying asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

3.4.3 Subsequent cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in the income statement as and when incurred.

3.4.4 Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. 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 or on the date that the asset is disposed.

The estimated useful lives are as follows:

Freehold Buildings	20- 50 years
Plant and Machinery	10- 20 years
Equipment	04- 05 years
Power Generation Plants	10- 20 years or over the period of the power purchase agreement
Motor Vehicles	04- 10 years
Furniture and Fittings	10 years
Computer Equipment	3-5 years
Crockery, Cutlery and Glassware	3-5 years
Motor Boats	5 years
Soft Furnishing	5-10 years

Power generation 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. The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The cost of replacement of components of assets recognised in the carrying amount of property, plant and equipment is depreciated over the balance useful life of the asset.

The cost of major planned overhauls capitalised are depreciated over the period until the next planned maintenance.

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3.4.5 Disposal of property, plant and equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised by the Group upon disposal (i.e., at the date the recipient obtains control). Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.5 Investment properties

3.5.1 Recognition and measurement

A property that is held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business, by the Group are accounted for as investment properties.

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is measured at its cost at the date when the construction or development is complete.

The Group applies the cost model for investment properties in accordance with Sri Lanka Accounting Standard (LKAS 40)-“Investment Property”. Accordingly, land classified as investment properties are stated at cost less any accumulated impairment losses and buildings classified as investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

3.5.2 Depreciation

No depreciation is provided on land treated as investment property.

Depreciation of other investment property of the Group is provided for on a consistent basis, over the period appropriate to the estimated useful lives of the assets on a straight-line method as follows:

Buildings 20- 50 years

In the consolidated financial statements, properties which are occupied by companies within the Group for the production or supply of goods and services or for administrative purposes are treated as property, plant and equipment, while these properties are treated as investment property in the financial statements of the company owning the asset.

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.6.1 Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset representing the right to use the underlying asset and a lease liability at the lease commencement date.

3.6.1.1 Right-of-use Asset

The right-of-use asset is initially measured at cost. This comprises of the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is also adjusted for certain subsequent remeasurements of the lease liability.

After the commencement date, the Group measures the right-of-use asset on the cost model.

3.6.1.1.1 Depreciation

Right-of-use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the underlying asset.

If the ownership of the leased asset transfers to the Group at the end of the lease term, or the cost of the right-of-use asset reflects the exercise of a purchase option the asset is depreciated over the useful life of the underlying asset.

The right-of-use assets are subject to impairment.

3.6.1.2 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. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee.
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Group's estimation of the amount expected to be payable under a residual value guarantee, if there is a change in the Group's assessment of whether it will exercise a purchase, extension or termination option, or if there is a revision in the in-substance fixed lease payment.

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

After the commencement date, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

3.6.1.3 Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease.

3.6.1.4 Presentation in the statement of financial position

The Group presents right-of-use assets separately from other assets and lease liabilities separately from other liabilities in its statement of financial position.

3.6.2 Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each 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 the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

3.6.2.1 Finance leases

At the commencement date, the Group recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease.

The Group recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

3.6.2.2 Operating leases

The Group recognises lease payments received from operating leases as income on either a straight-line basis or another systematic basis, if it is more representative of the pattern in which the benefit from the use of the underlying asset is diminished.

3.7 Intangible assets

3.7.1 Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of preparing the asset for its intended use.

The cost of an intangible asset acquired in a business combination is the fair value of the asset at the date of acquisition.

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The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

3.7.2 Subsequent costs

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

3.7.3 Subsequent measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset and assessed for impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.7.4 Intangible assets recognised by the Group.

3.7.4.1 Computer software

All computer software costs incurred and licensed for use by the Group, which do not form an integral part of related hardware, and can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets

In accordance with 3.7.3 above, the Group assesses the useful life of each computer software that has a finite useful life. Based on this assessment the Group amortises computer software over approximately 3 to 5 years.

3.7.4.2 Website Costs

Costs incurred on development of websites are capitalised as intangible assets when the entity is satisfied that the web site will generate probable economic benefits in the future.

In accordance with 3.7.3 above, the Group companies assess the useful life of website costs that has a finite useful life. Based on this assessment the Group companies amortise website costs over approximately 3 to 5 years.

3.7.4.3 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The policy on measurement of goodwill at initial recognition is given in note 3.1.1.

Goodwill is subsequently measured at cost less accumulated impairment losses.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is allocated to the carrying amount of the equity accounted investee.

3.8 Plantations

The plantation companies in the Group adopt certain accounting policies, which differ from that of the rest of the Group, since their nature of operations is significantly different from that of the rest of the Group. The accounting policies adopted are in accordance with LKAS 41 Agriculture and the guideline issued by the Institute of Chartered Accountants of Sri Lanka on bearer biological assets.

3.8.1 Biological assets

The Group manages the biological transformation of certain fruit plants for harvesting of agricultural produce from such plants and includes those and the respective nursery plants under biological assets. In addition, Elpitiya Plantations PLC., an equity accounted investee recognises tea, rubber, oil palm, coconut, cinnamon and berry plantations managed by them as biological assets in their financial statements

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

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets include tea, rubber, fruit and other trees, that are not intended to be sold or harvested, but grown for harvesting of agricultural produce from such biological assets. Consumable biological assets include managed timber trees that are to be harvested as agricultural produce or sold as biological assets.

The entity recognises the biological assets when, and only when, the entity controls the assets as a result of past events, 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.

3.8.1.1 *Immature plantations*

The Group measures immature plantations at cost. The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing, etc., incurred between the time of planting and harvesting, that is, when the planted area attains maturity, are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on such plantations are transferred to mature plantations when they attain maturity.

3.8.1.2 *Nursery plants*

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

3.8.1.3 *Produce on Bearer Biological Assets*

In accordance with LKAS 41, the Group recognises agricultural produce growing on bearer plants at fair value less cost to sell. Any change in the fair value of such agricultural produce are recognised in profit or loss at the end of each reporting period. For this purpose, quantities of harvestable agricultural produce are ascertained based on the harvesting cycle of each crop category by limiting to one harvesting cycle based on the last day of the harvest in the immediately preceding cycle. Further, 50% of the crops in that harvesting cycle are considered for the valuation.

For the valuation of the harvestable agricultural produce, the Group uses the following price formulas.

Tea	– Bought leaf rate (current month) less cost of harvesting and transport
Rubber	– Latex price (95% of current RSS1 Price) less cost of tapping and transport
Oil Palm	– Bought mill net sale average less cost of harvesting and transport

3.8.1.4 *Depreciation and amortisation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful economic lives of each component of biological assets.

Mature plantations (Group)	
Passion fruit	5 years
Pineapple	3 years
Papaya	4 years
Soursop	20 years

Mature plantations– (Elpitiya Plantations PLC)	
Tea	33 1/3 Years
Rubber	20 Years
Oil Palm	20 Years
Coconut	50 Years
Cinnamon	20 Years

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 of the farm land, whichever is lower.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses based on normal operating capacity.

3.10 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on the above assets is first allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which are continued to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on re-measurement are recognised in the

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income statement. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity- accounted investee is no longer accounted.

3.11 Impairment – Non-financial assets

The carrying amounts of the Group'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, the recoverable amounts of such assets are estimated.

The recoverable amount of goodwill is estimated at each reporting date, or as and when an indication of impairment is identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis.

3.11.1 Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

3.11.2 Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

Reversals of impairment losses other than for land carried at revaluation are recognised in the income statement. Reversal of impairment loss on a revalued land, other than for a land where impairment loss has been previously recognised in the income statement, is recognised in other comprehensive income and increases the revaluation surplus for that land. For a land where previous impairment loss has been recognised in the income statement the reversal of that impairment loss is also recognised in the income statement.

3.12 Employee benefits

3.12.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid in cash as ex-gratia in the short term, if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee, and the obligation can be measured reliably.

3.12.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed employee benefit contribution into a separate entity and will have no further legal or constructive obligations to pay any additional amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

3.12.2.1 Provident fund and Employee trust fund – Sri Lanka

For employees in Sri Lanka the Group contributes a sum not less than 12% of the gross emoluments as provident fund benefits and a sum equivalent 3% of the gross emoluments as trust fund benefits.

3.12.2.2 Pension scheme – Maldives

All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives. The Group contributes 7% of the pensionable wage of such employees to this scheme

3.12.2.3 Provident fund – South India

Group companies in South India contribute a sum of 12% of the basic salaries of for local employees and 12% of gross salary for foreign employees as provident fund benefits to the Employee Provident Organisation of India.

3.12.2.4 Provident fund – Fiji

Group companies in Fiji contribute a sum of 5% (2019/2020 – 10%) of the basic salaries of all employees as provident fund benefits to the Fiji National Provident Fund.

3.12.2.5 Defined Contribution Funds – Oman

Group companies in Oman contribute a sum of 10.5% of the gross salary + 1% in respect of work related injuries and illness for Omani employees in accordance with Social Security Insurance Law. Further with effect from January 2021, companies in Oman contribute 1 rial per 100 rials of gross monthly salary of (or 1% of payment made to) Omani nationals to a social contribution scheme designed to offer job security.

3.12.3 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

3.12.3.1 Retiring Gratuity - Sri Lanka

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. Management's estimate of the defined benefit plan obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

The defined benefit plan is valued by a professionally qualified external actuary.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded.

Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income as they occur.

3.12.3.2 Retiring Gratuity – India

A liability is provided for employees in India based on a valuation made by an independent actuary using unit credit method for payment of gratuity at the rate of 15/26 times the monthly qualifying salary for each year of service.

3.12.3.3 Retiring Gratuity – Fiji

Retirement benefit liability is recognised for all permanent employees in Fiji based on four months salary plus four weeks pay for every year of service effective from the appointment date until retirement at 60 years. However, in order to be entitled for the gratuity payment, the employees should have completed minimum of 5 years continuous service preceding the date of retirement.

3.12.3.4 Retiring Gratuity – Oman

Gratuity is provided as per the labour law of Oman due to expatriate employees upon termination of employment which is computed based on half month's basic salary for each year during the first three years of employment and a full month's basic salary for each year of employment thereafter. An employee who has been in employment for less than one year is not entitled to receive gratuity.

3.13 Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.14 Revenue and Income

3.14.1 Revenue

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a good or service to a customer, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Group Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intra-group sales

3.14.1.1 Sale of goods

Revenue from the 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, non-cash consideration, and consideration payable to the customer (if any).

3.14.1.2 Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at

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the end of the reporting period irrespective of whether the service is billed.

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

3.14.1.3 Royalty Income

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

3.14.1.3 Other Revenue

3.14.1.3.1 Rental income

Rental income arising from renting of property, plant and equipment and investment properties is recognised as revenue on a straight-line basis over the term of the hire.

3.14.2 Other Income

3.14.2.1 Interest income

Interest income is recognised as it accrues in the income statement. For all financial instruments measured at amortised cost and interest bearing financial assets classified as FVOCI the interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. For interest bearing financial assets carried at fair value, interest is recognised on a discounted cash flow method. Interest income is included under finance income in the income statement.

3.14.2.2 Dividend income

Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established, which is generally when the dividend is declared.

3.15 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit/loss for the year.

3.16 Finance income /(expenses)

Finance income comprises of interest income on funds invested, net changes in fair value of financial assets classified as fair value through profit or loss , and gains on the disposal of interest generating investments whether classified under FVTPL or FVOCI financial assets.

Finance expenses comprise interest expense on borrowings and leases, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method. 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, are capitalised as part of the asset. Borrowing costs capitalised are disclosed in notes 15 and 18 to the financial statements.

3.17 Government 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.

3.18 Income tax expense

Income tax expense comprises of current and deferred taxes. The income tax expense is recognised in the income statement except to the extent that it relates to the items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

IFRIC 23 "Uncertainty over income tax treatments" provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. However, the application of IFRIC 23 did not have an impact on the income tax expense for the year.

3.18.1 Current tax

The current tax represents the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted, any taxes on dividends received and any adjustment to tax payable in respect of previous years, including any brought forward Economic Service Charge that is not offset within the specified period.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

3.18.1.1 Companies incorporated in Sri Lanka

Provision for current tax for companies incorporated in Sri Lanka has been computed where applicable in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments there to. The detail analysis of the tax rates applicable for the Companies in the Group is disclosed in note 12.1 to the financial Statements.

3.18.1.2 Companies incorporated outside Sri Lanka

Provision for current tax for companies incorporated outside Sri Lanka have been computed in accordance to the relevant tax statutes as disclosed in note 12.2 to the financial statements.

3.18.2 Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and the differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted or announced by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group statement of financial position and are not offset against each other.

3.18.3 Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and its amendments thereto and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

3.19 Operating segments

An operating segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs expenses, including revenue and expenses that relate to transactions with the Group's other segments.

The operations of the Group are categorised under four segments based on the nature of the products or services provided by each segment and the risks and rewards associated with the economic environment in which these segments operate. The performance of the Group is evaluated based on the performance of these four main segments by the Group's Managing Director (chief operating decision maker). The internal management reports prepared on these segments are reviewed by the Group's Managing Director on a monthly basis. Details of the Group companies operating under each segment and the products and services offered under each segment are provided under Group Companies in pages 343 to 350.

3.20 Movement of reserves

Movements of reserves are disclosed in the statement of changes in equity.

3.21 Cash flow

The Statement of Cash Flow has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flow', whereby operating activities, investing activities and financing activities are separately recognised.

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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3.22 Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control.

Commitments and Contingent liabilities are disclosed in note 41 and 42 to the financial statements.

3.23 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 Company 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.

3.24 Events occurring after the reporting date

All material events after the reporting date have been considered, disclosed and adjusted where applicable.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

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

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

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

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

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

5 New and amended standards issued but not effective as at the reporting date

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for annual periods beginning after the current financial year. Accordingly the Group has not early adopted them in preparing these financial statements.

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

- **Proceeds before intended use (amendments to LKAS 16 - Property, plant and equipment:)**

  The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- **Reference to the conceptual framework (amendments to SLFRS 3 - Business Combinations)**

  The amendment updates an outdated reference to the Conceptual Framework in SLFRS 3 without significantly changing the requirements in the standard.

- **Classification of liabilities as current or non-current (Amendments to LKAS 1 – Presentation of Financial Statements)**

  The amendment aims to promote consistency in applying the requirements by helping companies to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

- **Onerous Contracts - Cost of fulfilling the contract (Amendments to LKAS 37 -Provisions, Contingent Liabilities and Contingent Assets)**

  The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- **COVID-19 related concessions (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 applies to COVID-19-related rent concessions that reduce lease payments due on or before 30th June 2021. The Group assessed this amendment to the standard and concluded that the Group will treat the COVID-19 related rent concessions received as lease modifications.

- **Interest benchmark reform phase 2 (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16)**

  The amendments in interest rate benchmark reform clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

- **Annual Improvements to SLFRS Standards issued during 2018–2020**

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

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6 Operating segments

6.1 Business segments

The Group operates in four business segments namely tourism, maritime and logistics, strategic investments and services, segregated based on the nature of the products or services provided and risk and returns of each segment. Segment results and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All transactions between group companies whether inter-segmental or intra-segmental are on an arms length basis and in a manner similar to the transactions with third parties.

6.1.1 Business segment analysis of group revenue and profit

	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
For the year ended 31st March	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Total revenue generated	7,178,257	27,096,321	11,443,506	11,956,237	17,705,733	20,850,104	1,503,780	1,855,056	37,831,276	61,757,718
Intra-segmental revenue	(455,599)	(2,247,594)	(486,163)	(516,466)	(661,790)	(716,753)	(57,548)	(70,332)	(1,661,100)	(3,551,145)
Total revenue with inter-segmental revenue	6,722,658	24,848,727	10,957,343	11,439,771	17,043,943	20,133,351	1,446,232	1,784,724	36,170,176	58,206,573
Inter- segmental revenue	(85,425)	(140,337)	(337,151)	(332,188)	(399,765)	(477,685)	(154,303)	(266,280)	(976,644)	(1,216,490)
Total revenue with equity-accounted investees	6,637,233	24,708,390	10,620,192	11,107,583	16,644,178	19,655,666	1,291,929	1,518,444	35,193,532	56,990,083
Share of equity-accounted investees' revenue	(42,331)	(277,532)	(1,928,823)	(1,887,921)	(1,624,873)	(1,336,162)	-	(17,211)	(3,596,027)	(3,518,826)
Revenue from external customers	6,594,902	24,430,858	8,691,369	9,219,662	15,019,305	18,319,504	1,291,929	1,501,233	31,597,505	53,471,257
Profit / (loss) from operations	(5,688,167)	1,744,219	2,130,127	1,835,608	2,304,198	2,319,887	392,706	301,639	(861,136)	6,201,353
Finance income	460,928	628,001	125,528	95,227	195,753	32,003	30,582	37,148	812,791	792,379
Finance expenses	(2,358,064)	(2,108,287)	(155,222)	(166,119)	(629,712)	(732,687)	(28,763)	(40,461)	(3,171,761)	(3,047,554)
Share of profit / (loss) of equity-accounted investees (net of tax)	(268,248)	(279,248)	466,665	488,665	179,409	42,579	(1,993)	(512)	375,833	251,484
Profit / (loss) before tax	(7,853,551)	(15,315)	2,567,098	2,253,381	2,049,648	1,661,782	392,532	297,814	(2,844,273)	4,197,662
Income tax expense	386,308	(581,788)	(484,061)	(389,075)	(273,650)	(281,213)	(98,107)	(58,612)	(469,510)	(1,310,688)
Profit / (loss) for the year	(7,467,243)	(597,103)	2,083,037	1,864,306	1,775,998	1,380,569	294,425	239,202	(3,313,783)	2,886,974
Depreciation and amortisation	3,407,309	2,920,022	551,342	605,919	551,807	488,935	94,723	97,221	4,605,181	4,112,097
Impairment losses / (reversals) and write offs	170,028	85,446	(27,871)	47,585	21,201	(16,509)	(31,904)	20,979	131,454	137,501
Other non-cash expenses	84,160	78,952	76,341	50,698	58,659	49,136	11,912	11,121	231,072	189,907

There were no impairment losses or any reversals of impairment losses recognised directly in equity during the year.

Rs. 11.2 billion of revenue, which amounts to 35% of the Group's total revenue for the year, is attributable to one customer (state owned enterprise) recorded under strategic investments sector.

6.1.2 Business segment analysis of group assets and liabilities

6.1.2.1 Segment assets

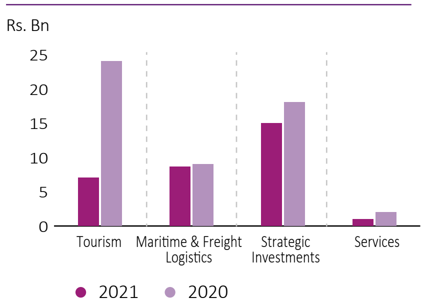
As at	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Non-current assets										
Property, plant and equipment	53,099,059	52,942,464	5,828,891	5,923,083	17,997,869	17,556,000	2,900,433	2,978,068	79,826,252	79,399,615
Investment properties	72,000	72,000	-	-	1,558,800	1,558,800	780	1,040	1,631,580	1,631,840
Intangible assets other than goodwill	62,429	88,507	9,047	12,577	25,516	25,851	976	1,227	97,968	128,162
Biological assets	-	-	-	-	63,122	56,275	-	-	63,122	56,275
Right-of-use assets	11,947,485	11,138,479	1,538,813	1,549,894	573,756	554,431	352	6,858	14,060,406	13,249,662
Deferred tax assets	778,234	317,604	35,617	35,632	361,476	380,847	21,150	32,594	1,196,477	766,677
Other financial assets	772,508	764,246	16,384	13,786	17,964	22,687	-	-	806,856	800,719
Segment non-current assets	66,731,715	65,323,300	7,428,752	7,534,972	20,598,503	20,154,891	2,923,691	3,019,787	97,682,661	96,032,950
Investments in equity-accounted investees	555,693	740,822	5,002,645	4,598,024	1,478,144	1,303,963	43,823	45,816	7,080,305	6,688,625
Intangible assets- goodwill on consolidation	-	-	-	-	-	-	-	-	967,998	941,835
Total non-current assets	67,287,408	66,064,122	12,431,397	12,132,996	22,076,647	21,458,854	2,967,514	3,065,603	105,730,964	103,663,410
Current assets										
Inventories	844,502	976,928	356,430	297,781	1,007,860	1,404,162	146,279	155,769	2,355,071	2,834,640
Trade and other receivables	5,677,244	8,917,001	4,726,924	3,280,381	10,139,608	10,256,623	848,908	1,067,868	21,392,684	23,521,873
Current tax receivable	46,094	49,509	70,852	53,485	53,867	26,447	8,618	22,103	179,431	151,544
Deposits and prepayments	597,635	1,119,658	245,330	280,500	311,678	220,339	46,727	63,764	1,201,370	1,684,261
Other current assets	633,767	168,415	814,415	534,827	12,858,085	10,141,146	71,872	6,267	14,378,139	10,850,655
Cash and short-term deposits	2,774,166	3,279,156	1,837,148	1,122,275	3,044,818	2,085,174	322,784	107,662	7,978,916	6,594,267
Segment current assets	10,573,408	14,510,667	8,051,099	5,569,249	27,415,916	24,133,891	1,445,188	1,423,433	47,485,611	45,637,240
Eliminations / adjustments	-	-	-	-	-	-	-	-	(7,479,434)	(7,826,328)
Total current assets	10,573,408	14,510,667	8,051,099	5,569,249	27,415,916	24,133,891	1,445,188	1,423,433	40,006,177	37,810,912
Assets classified as held for sale	-	-	-	-	-	-	-	-	1,243,219	1,189,650
Total assets	77,860,816	80,574,789	20,482,496	17,702,245	49,492,563	45,592,745	4,412,702	4,489,036	146,980,360	142,663,972
Total segment assets	77,305,123	79,833,967	15,479,851	13,104,221	48,014,419	44,288,782	4,368,879	4,443,220	145,168,272	141,670,190
Additions to non-current assets	781,857	3,696,307	68,313	124,968	1,467,876	5,999,082	12,131	131,345	2,330,177	9,951,702

NOTES TO THE FINANCIAL STATEMENTS

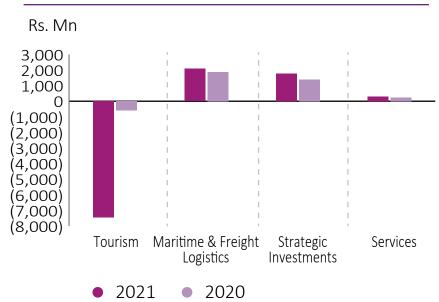
6.1.2.2 Segment liabilities

As at	Tourism sector 31.03.2021 Rs.'000	Tourism sector 31.03.2020 Rs.'000	Maritime and freight logistics sector 31.03.2021 Rs.'000	Maritime and freight logistics sector 31.03.2020 Rs.'000	Strategic investments 31.03.2021 Rs.'000	Strategic investments 31.03.2020 Rs.'000	Services sector 31.03.2021 Rs.'000	Services sector 31.03.2020 Rs.'000	Total 31.03.2021 Rs.'000	Total 31.03.2020 Rs.'000
Non-current Liabilities										
Interest-bearing loans and borrowings	28,147,885	24,890,821	-	-	10,762,609	9,809,589	-	-	38,910,494	34,700,410
Lease liabilities	9,999,498	8,601,507	1,664,927	1,613,919	189,632	140,222	-	4,670	11,854,057	10,360,318
Deferred tax liabilities	1,016,112	987,730	626,404	701,900	272,503	164,129	478,042	504,258	2,393,061	2,358,017
Employee benefits	550,371	387,814	385,024	249,080	302,109	204,807	62,708	43,092	1,300,212	884,793
Other liabilities	-	-	390,293	386,274	-	-	-	-	390,293	386,274
Segment non-current liabilities	39,713,866	34,867,872	3,066,648	2,951,173	11,526,853	10,318,747	540,750	552,020	54,848,117	48,689,812
Total non-current liabilities	39,713,866	34,867,872	3,066,648	2,951,173	11,526,853	10,318,747	540,750	552,020	54,848,117	48,689,812
Current liabilities										
Interest-bearing loans and borrowings	2,568,340	2,757,480	-	-	1,546,437	599,710	-	-	4,114,777	3,357,190
Lease liabilities	1,043,134	524,626	226,238	229,480	9,626	7,609	-	2,250	1,278,998	763,965
Trade and other payables	7,227,233	9,687,458	4,454,975	2,963,912	7,189,295	7,753,917	812,755	702,440	19,684,258	21,107,727
Current tax payable	3,137	156,908	127,980	61,406	91,498	138,782	36,163	14,348	258,778	371,444
Other financial liabilities	-	-	-	-	-	30,005	-	-	-	30,005
Bank overdrafts and other short-term borrowings	5,363,256	2,747,888	210,466	297,686	9,298,460	9,604,699	210,486	215,813	15,082,668	12,866,086
Segment current liabilities	16,205,100	15,874,360	5,019,659	3,552,484	18,135,316	18,134,722	1,059,404	934,851	40,419,479	38,496,417
Eliminations / adjustments	-	-	-	-	-	-	-	-	(7,479,434)	(7,826,328)
Total current liabilities	16,205,100	15,874,360	5,019,659	3,552,484	18,135,316	18,134,722	1,059,404	934,851	32,940,045	30,670,089
Total liabilities	55,918,966	50,742,232	8,086,307	6,503,657	29,662,169	28,453,469	1,600,154	1,486,871	87,788,162	79,359,901
Total segment liabilities	55,918,966	50,742,232	8,086,307	6,503,657	29,662,169	28,453,469	1,600,154	1,486,871	95,267,596	87,186,229

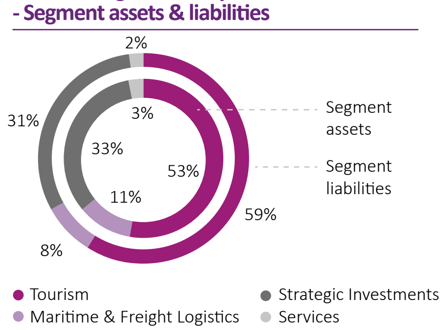
Business segment analysis - Revenue from external customers



Business segment analysis - Profit / (loss) for the year



Business segment analysis - Segment assets & liabilities



6.2 Geographical information

The geographical information is stated based on the country where the sale occured or the service rendered and / or the location where assets and liabilities are held.

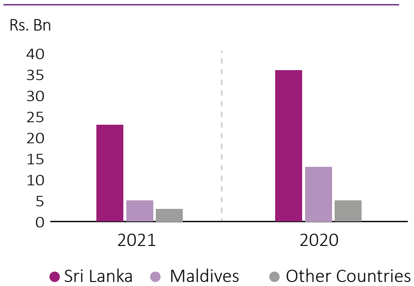
6.2.1 Geographical analysis of group revenue and profit

For the year ended 31st March	Sri Lanka 2021 Rs.'000	Sri Lanka 2020 Rs.'000	Maldives 2021 Rs.'000	Maldives 2020 Rs.'000	Other countries 2021 Rs.'000	Other countries 2020 Rs.'000	Total 2021 Rs.'000	Total 2020 Rs.'000
Revenue	23,104,218	35,852,387	5,158,370	13,118,398	3,334,917	4,500,472	31,597,505	53,471,257
Profit / (loss) from operations	1,218,888	3,221,940	(2,708,306)	1,855,250	628,282	1,124,163	(861,136)	6,201,353
Profit / (loss) before tax	989,656	2,569,941	(4,270,963)	671,834	437,034	955,887	(2,844,273)	4,197,662
Profit / (loss) for the year	350,279	1,725,210	(3,804,932)	517,320	140,870	644,444	(3,313,783)	2,886,974
Depreciation and amortisation	1,700,355	1,702,926	2,302,501	1,775,613	602,325	633,558	4,605,181	4,112,097
Impairment losses / (reversals) and write offs	112,034	51,867	25,717	78,748	(6,297)	6,886	131,454	137,501
Other non-cash expenses	188,639	171,090	1,484	1,040	40,949	17,777	231,072	189,907

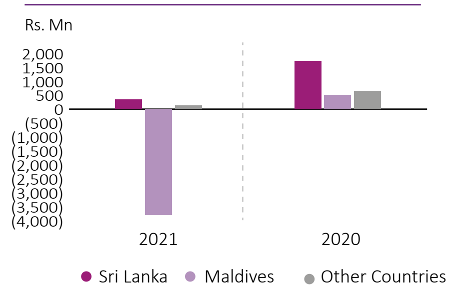
6.2.2 Geographical analysis of group assets and liabilities

As at	Sri Lanka 31.03.2021 Rs.'000	Sri Lanka 31.03.2020 Rs.'000	Maldives 31.03.2021 Rs.'000	Maldives 31.03.2020 Rs.'000	Other countries 31.03.2021 Rs.'000	Other countries 31.03.2020 Rs.'000	Total 31.03.2021 Rs.'000	Total 31.03.2020 Rs.'000
Segment non-current assets	45,649,928	46,110,929	37,354,362	35,836,869	14,678,371	14,085,154	97,682,661	96,032,952
Segment current assets	34,328,335	32,902,877	4,040,644	3,990,130	1,890,015	1,327,191	40,258,994	38,220,198
	79,978,263	79,013,806	41,395,006	39,826,999	16,568,386	15,412,345	137,941,655	134,253,150
Investments in equity-accounted investees	-	-	-	-	-	-	7,080,305	6,688,625
Goodwill on consolidation	-	-	-	-	-	-	967,998	941,835
Assets classified as held for sale	-	-	-	-	-	-	1,243,219	1,189,650
Eliminations / adjustments	-	-	-	-	-	-	(252,817)	(409,288)
Total assets	79,978,263	79,013,806	41,395,006	39,826,999	16,568,386	15,412,345	146,980,360	142,663,972
Segment non-current liabilities	23,672,463	21,385,292	26,880,926	23,316,140	4,294,727	3,988,381	54,848,116	48,689,813
Segment current liabilities	20,427,168	20,848,801	9,961,666	8,086,706	2,637,208	1,926,558	33,026,042	30,862,065
	44,099,631	42,234,093	36,842,592	31,402,846	6,931,935	5,914,939	87,874,158	79,551,878
Eliminations / adjustments	-	-	-	-	-	-	(85,996)	(191,977)
Total liabilities	44,099,631	42,234,093	36,842,592	31,402,846	6,931,935	5,914,939	87,788,162	79,359,901
Additions to non-current assets	1,690,732	6,531,532	620,907	2,945,763	18,538	474,407	2,330,177	9,951,702

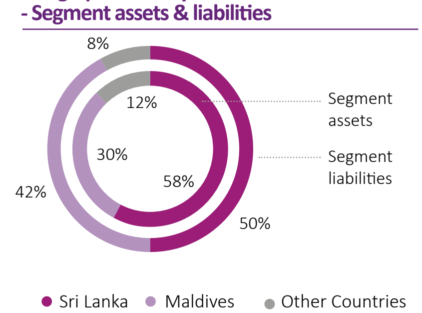
Geographical analysis - Revenue from external customers



Geographical analysis - Profit / (loss) for the year



Geographical analysis - Segment assets & liabilities



NOTES TO THE FINANCIAL STATEMENTS

6.3 Geographical analysis segment wise

6.3.1 Geographical analysis of group revenue and profit segment wise

For the year ended 31st March	Revenue 2021 Rs.'000	Revenue 2020 Rs.'000	Profit /(loss) from operations 2021 Rs.'000	Profit /(loss) from operations 2020 Rs.'000	Profit /(loss) before tax 2021 Rs.'000	Profit /(loss) before tax 2020 Rs.'000	Profit /(loss) for the year 2021 Rs.'000	Profit /(loss) for the year 2020 Rs.'000
Tourism sector								
- Local	1,570,773	10,412,605	(2,377,926)	50,981	(2,582,533)	(89,955)	(2,625,961)	(465,159)
- Overseas	5,024,129	14,018,253	(3,310,241)	1,693,238	(5,271,018)	74,640	(4,841,282)	(131,944)
Maritime and freight logistics sector								
- Local	5,296,729	5,701,417	906,848	547,506	1,091,565	653,788	866,733	525,168
- Overseas	3,394,640	3,518,245	1,223,279	1,288,102	1,475,533	1,599,593	1,216,304	1,339,138
Strategic investments								
- Local	15,019,305	18,319,504	2,304,198	2,319,887	2,094,666	1,706,174	1,821,016	1,424,962
- Overseas	-	-	-	-	(45,018)	(44,392)	(45,018)	(44,393)
Services sector								
- Local	1,217,411	1,418,861	385,768	303,566	385,958	299,934	288,491	240,239
- Overseas	74,518	82,372	6,938	(1,927)	6,574	(2,120)	5,934	(1,037)
	31,597,505	53,471,257	(861,136)	6,201,353	(2,844,273)	4,197,662	(3,313,783)	2,886,974

6.3.2 Geographical analysis of group assets and liabilities segment wise

As at	Non-current assets 31.03.2021 Rs.'000	Non-current assets 31.03.2020 Rs.'000	Current assets 31.03.2021 Rs.'000	Current assets 31.03.2020 Rs.'000	Total assets 31.03.2021 Rs.'000	Total assets 31.03.2020 Rs.'000
Tourism sector						
- Local	17,180,408	17,861,992	3,076,180	6,114,193	20,256,588	23,976,185
- Overseas	49,551,307	47,461,308	3,954,338	3,854,508	53,505,645	51,315,816
Maritime and freight logistics sector						
- Local	4,952,112	5,077,996	4,414,016	3,564,050	9,366,128	8,642,046
- Overseas	2,476,640	2,456,976	1,809,214	1,193,870	4,285,854	3,650,846
Strategic investments						
- Local	20,598,503	20,154,891	25,506,001	22,220,611	46,104,504	42,375,502
- Overseas	-	-	-	-	-	-
Services sector						
- Local	2,918,905	3,016,048	1,150,403	777,502	4,069,308	3,793,550
- Overseas	4,786	3,739	96,025	86,178	100,811	89,917
	97,682,661	96,032,950	40,006,177	37,810,912	137,688,838	133,843,862
Investments in equity-accounted investees	-	-	-	-	7,080,305	6,688,625
Goodwill on consolidation	-	-	-	-	967,998	941,835
Assets classified as held for sale	-	-	-	-	1,243,219	1,189,650
Total assets	97,682,661	96,032,950	40,006,177	37,810,912	146,980,360	142,663,972

As at	Non-current liabilities 31.03.2021 Rs.'000	Non-current liabilities 31.03.2020 Rs.'000	Current liabilities 31.03.2021 Rs.'000	Current liabilities 31.03.2020 Rs.'000	Total liabilities 31.03.2021 Rs.'000	Total liabilities 31.03.2020 Rs.'000
Tourism sector						
- Local	10,548,092	9,485,813	3,652,118	5,857,052	14,200,210	15,342,865
- Overseas	29,165,774	25,382,059	11,604,720	9,179,674	40,770,494	34,561,733
Maritime and freight logistics sector						
- Local	1,056,769	1,028,712	3,768,809	2,270,451	4,825,578	3,299,163
- Overseas	2,009,879	1,922,461	894,337	683,359	2,904,216	2,605,820
Strategic investments						
- Local	11,526,853	10,318,747	12,214,203	11,958,590	23,741,056	22,277,337
- Overseas	-	-	-	-	-	-
Services sector						
- Local	540,750	552,020	783,956	702,623	1,324,706	1,254,643
- Overseas	-	-	21,902	18,340	21,902	18,340
	54,848,117	48,689,812	32,940,045	30,670,089	87,788,162	79,359,901
Eliminations / adjustments	-	-	-	-	-	-
Total liabilities	54,848,117	48,689,812	32,940,045	30,670,089	87,788,162	79,359,901

7 Revenue

7.1 Revenue streams

For the year ended 31st March	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000	COMPANY 2021 Rs.'000	COMPANY 2020 Rs.'000
Revenue from contracts with customers				
Rendering of services	27,755,671	48,426,688	571,633	712,889
Sale of goods	3,789,478	4,856,670	-	-
Royalty income	-	-	41,541	53,641
	31,545,149	53,283,358	613,174	766,530
Other revenue				
Rent income	52,356	187,899	48,360	48,144
	52,356	187,899	48,360	48,144
	31,597,505	53,471,257	661,534	814,674

NOTES TO THE FINANCIAL STATEMENTS

7.2 Disaggregation of revenue from contracts with customers

7.2.1 Business segment analysis of Group revenue

For the year ended 31st March	2021 Rendering of services Rs.'000	2021 Sale of goods Rs.'000	2021 Total revenue Rs.'000	2020 Rendering of services Rs.'000	2020 Sale of goods Rs.'000	2020 Total revenue Rs.'000
Tourism sector	6,594,483	419	6,594,902	24,428,618	2,240	24,430,858
Maritime and freight logistics sector	8,691,369	-	8,691,369	9,219,662	-	9,219,662
Strategic investments	11,230,246	3,789,059	15,019,305	13,465,074	4,854,430	18,319,504
Services sector	1,291,929	-	1,291,929	1,501,233	-	1,501,233
	27,808,027	3,789,478	31,597,505	48,614,587	4,856,670	53,471,257

7.2.2 Geographical segment analysis of Group revenue

For the year ended 31st March	2021 Rendering of services Rs.'000	2021 Sale of goods Rs.'000	2021 Total revenue Rs.'000	2020 Rendering of services Rs.'000	2020 Sale of goods Rs.'000	2020 Total revenue Rs.'000
Sri Lanka	19,314,740	3,789,478	23,104,218	30,995,717	4,856,670	35,852,387
Maldives	5,158,370	-	5,158,370	13,118,398	-	13,118,398
Other countries	3,334,917	-	3,334,917	4,500,472	-	4,500,472
	27,808,027	3,789,478	31,597,505	48,614,587	4,856,670	53,471,257

7.3 Contract balances

For the year ended 31st March	Notes	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Trade receivables	25	11,055,024	12,210,240	3,165	5,231
Contract assets	25	245,584	258,567	-	-
Contract liabilities	35	(1,825,443)	(1,834,083)	-	-

Contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date.

Contract liabilities primarily relate to the advance consideration received from customers for goods or services to be provided, where revenue is recognised over time.

The amount of Rs. 1,009.6 million (2019/2020- Rs. 1,789.4 million) recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31st March 2021.

7.4 Performance obligations

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

Type of product / service	Nature and timing of satisfaction of the performance obligation	Revenue recognition
Rendering of services		
Tourism sector		
• Hotel operations	The main revenue of the Group's hotel operations is the provision of rooms for guest accommodation (apartment revenue). Apartment revenue is recognised on rooms occupied on a daily basis over the period of the stay, while the revenue from other sources such as food and beverage sales, provision of laundry, telephone, water sports, spa services and transfer and excursion services in thr Maldives are accounted for at the time of the consumption/service. Invoices to customers are raised on completion of the hotel stay.	Revenue recognition for the Group's apartment revenue is over the period and other hotel operations is at the point of time.
• Hotel management services	Consists of fees for providing management and marketing services to hotels. Fees for Hotel management services are calculated as a percentage of revenue and operating profit of the hotels.	Revenue for hotel management services is recognised at each month end.
• Inbound and outbound travels	The main activity of the Group companies in the inbound and outbound travel segment is selling of tour packages and other destination management services. Customers are invoiced for the services at the commencement of the tour and the revenue is recognised at that point in time.	Revenue from sale of tour packages is recognised on the start date of the tour.
• Airline General Sales Agent (GSA)	Overriding commission from the Airlines is recognized on flown basis whereas the ticketing commission from the airline is recorded on the date of the sale.	Revenue recognition at point of time.
Maritime and freight logistics sector		
• Maritime and port services	Operations of the Group's maritime segment includes provision of services of a shipping agent, supply of marine lubricants, representation of liner shipping agencies and global container services as an agent of the principal shipping line. Revenue for the segment represents the commission derived from the services rendered to the shipping lines.	Commission income is recognised upon the departure of the vessel.
	Revenue from port operation and management services performed by the Group is recognised on completion of the operation.	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 the Group's container freight station (CFS) operations and the depot operations is recognised upon dispatch of the container from the yard, income from transport and other special operations are recognised upon completion of the activity while the revenue from warehouse and renting of reefer containers are recognised on a monthly basis over the period of the hire.	At point of time for CFS, depot, transport and other special operations and over time for warehouse and renting of reefer containers.
• Airline GSA (Cargo)	Commission income from airline GSA is recognised when cargo is handed over to the airline.	Revenue recognition at point of time.

NOTES TO THE FINANCIAL STATEMENTS

Type of product / service	Nature and timing of satisfaction of the 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, hydro and waste, is recorded based on a fixed or variable 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	The inward money transfer segment of the Group acts as a representative of the Western Union Network (France) SAS. Representative base compensation is recognised by the company upon the completion of the inward money transfer.	Revenue is recorded at the point of time when inward money transfer is completed.
• Elevator agency	Revenue on equipment sales of elevators is recognised in the income statement by reference to the date of delivery of the equipment to the site. Revenue on installation of elevators is recognised 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. Revenue for stand alone maintenance agreements are recognised in the income statement on a monthly basis while the revenue for repairs of elevators is recognised upon completion of the repair. However invoices to customers for all above revenue types are raised as per the contract terms.	Revenue on equipment sales of elevators is recognised when the equipments are delivered to the site. Revenue on installation of elevators and maintenance contracts is recognised over time as the services are provided while the revenue for repairs is recognised at point of time. 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 is recognised upon collection of the insurance premium while revenue from survey and other insurance services is 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 is 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.
Sale of goods		
Tourism sector		
• Water bottling operation for 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.
Strategic investments		
• 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 of 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 of time.	The Group recognises revenue when the manufactured garments are handed over to the nominated freight forwarding company.

Payment terms - The Group provide credit to its customers based on normal industry terms which is generally 30 days or as specified in individual contracts with the customers. In certain instances advance payments are obtained from customers prior to commencement of the performance obligation.

8 Other operating income

For the year ended 31st March	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000	COMPANY 2021 Rs.'000	COMPANY 2020 Rs.'000
Dividends from Group subsidiaries and equity-accounted investees	-	-	2,504,881	1,888,006
Dividends from equity securities – at FVTPL	6,723	2,749	2,900	620
Net foreign exchange gain / (loss)	585,092	734,722	483,931	540,370
Insurance claims received	6,747	102,031	-	-
Gain / (loss) on disposal of property, plant and equipment	14,058	(16,519)	3,230	(17,672)
Gain on partial disposal / liquidation of subsidiaries	-	54	8,660	53
Gain on disposal of equity securities – at FVTPL	210	-	210	-
Sundry income	26,184	27,148	1,821	7,114
	639,014	850,185	3,005,633	2,418,491

9 Profit from operations

Profit from operations is stated after charging the following:

For the year ended 31st March	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000	COMPANY 2021 Rs.'000	COMPANY 2020 Rs.'000
Cost of inventories and services	24,682,025	37,288,950	429,028	493,387
Directors' remuneration and fees	310,394	455,087	87,092	119,537
Auditors' remuneration				
- KPMG	22,333	21,980	1,464	1,464
- Other auditors	8,425	8,127	-	-
Fees paid to auditors for non-audit services				
- KPMG	20,457	8,023	3,294	2,107
- Other auditors	7,091	3,932	-	-
Depreciation, amortisation and impairment (losses) / reversals of non-financial assets				
- Depreciation of property, plant and equipment, investment property, right-of-use assets and biological assets	4,562,995	4,069,847	34,882	40,005
- Amortisation of intangible assets	42,186	42,250	5,138	8,104
- Impairment reversals of inventories	(11,184)	(21,260)	-	-
Total of depreciation, amortisation and impairment losses / (reversals) of non-financial assets	4,593,997	4,090,837	40,020	48,109
Impairment losses and write offs of trade and other receivables	142,638	158,761	-	-
Legal Expenses	12,384	9,550	-	300
Defined contribution plan cost- Sri Lanka	439,064	517,622	39,847	47,082
Defined contribution plan cost- Overseas (Maldives, South India, Fiji and Oman)	61,777	107,536	-	-
Defined benefit plan cost- Retirement benefits	231,072	189,907	15,974	14,626

NOTES TO THE FINANCIAL STATEMENTS

10 Other operating expenses-direct

Direct operating expenses as disclosed in the income statement refers to the cost of services other than staff costs which are directly related to revenue.

Since most of the companies in the Group operate in service industries, other direct operating expenses represents a substantial portion of the total operating costs.

11 Finance income and finance expenses

For the year ended 31st March	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000	COMPANY 2021 Rs.'000	COMPANY 2020 Rs.'000
Finance income				
Interest income on financial assets measured at amortised cost	782,657	790,865	785,488	818,867
Net change in fair value of equity securities classified as FVTPL	30,134	1,514	27,275	1,392
	812,791	792,379	812,763	820,259
Finance expenses				
Interest expense on financial liabilities measured at amortised cost	(3,060,618)	(2,817,200)	(1,092,934)	(1,452,522)
Net impairment of financial assets measured at amortised cost	4,085	(8,801)	(4,319)	(5,184)
Net change in fair value of equity securities classified as FVTPL	(11,619)	(1,828)	(4,135)	-
Net change in fair value of derivative financial instruments classified as FVTPL	-	(30,005)	-	(27,275)
Other finance charges	(103,609)	(189,720)	(3,883)	(8,013)
	(3,171,761)	(3,047,554)	(1,105,271)	(1,492,994)

12 Income Tax Expense

12.1 Sri Lankan Operations

The income tax provision for Aitken Spence PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

In terms of the above, the income tax provision of companies has been calculated on their adjusted profits at the standard rate of 24%, except for Companies with specified sources which are exempt from tax or subject to concessionary tax rates as set out below.

- Companies with specified sources exempt from income tax are given in note 12.1.1
- Companies with specified sources liable to income tax at concessionary rates are given in note 12.1.2
- Companies incorporated in Sri Lanka and operating outside Sri Lanka are given in note 12.1.3

In addition, the Group has made adjustments as required to the income tax payable or receivable balances in respect of previous years and written off any unclaimable Economic Service Charge (ESC) within the specified period.

Deferred tax expense on companies resident in Sri Lanka are calculated based on the tax rates specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

Tax losses carried forward

As per section 19 of the Inland Revenue Act No. 24 of 2017, any unclaimed tax losses incurred during the year could be carried forward for a further period of six years. Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised accordingly. Deferred tax assets recognised on tax losses would be reviewed at each reporting date based on the taxable profit forecasts and would be reduced to the extent of recoverable amount.

In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and its amendments thereto and the Gazette notifications issued on transfer pricing.

IFRIC 23 "Uncertainty over income tax treatments" provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. The Group has applied significant judgement in identifying uncertainties over income tax treatments for the year and the Group has determined that there were no uncertainties in tax treatments that has an impact on the income tax expense or warrants any disclosure.

12.1.1 Companies with specified sources exempt from income tax

Company	Basis	Statute Reference	Period
Ahungalla Resorts Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Negombo Beach Resorts (Pvt) Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
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 2026/2027
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 2021/2022

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

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

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.

12.1.2 Companies with specified sources liable to income tax at concessionary rates

12.1.2.1 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%
Ace Wind Power (Pvt) Ltd	Construction and operation of a wind power plant	10% for 2 years ended 2020/2021 and 20% thereafter
Branford Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	10% for 2 years ended 2020/2021 and 20% thereafter

** 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.*

NOTES TO THE FINANCIAL STATEMENTS

12.1.2.2 Companies with specified sources liable to income tax at concessionary rates specified under the Inland Revenue Act No. 24 of 2017 and its amendments there to

Company	Basis/Statute Reference	Income Tax Rate
Aitken Spence Engineering Solution (Pvt) Ltd Aitken Spence (Garments) Ltd	Gains and profits from 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 and 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)	Gains and profits from an undertaking for the promotion 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%
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%
CINEC Campus (Pvt) Ltd (formally Colombo International Nautical and Engineering College (Pvt) Ltd)	Gains and profits from educational services	14%
Elpitiya Plantations PLC	Gains and profits from agro processing Electricity generation through renewable energy sources	14%
Aitken Spence Printing & Packaging (Pvt) Ltd Aitken Spence Exports (Pvt) Ltd	Gains and profits from Manufacturing	18%

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

12.1.3 Companies incorporated in Sri Lanka and operating outside Sri Lanka

Company	Countries Operated	Tax Status
Aitken Spence Global Operations (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Hotels International (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Maldives, Oman	Business profits arising in Oman is liable to tax at 15% and income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Ports International Ltd (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 Act No. 24 of 2017 and its amendments thereto.

12.2 Overseas Operations

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

Country	Company	Income Tax Rate
British Virgin Islands	Crest Star (B.V.I.) Ltd	Nil
Oman	Aitken Spence Resorts (Middle East) LLC	15%
Maldives	Ace Aviation Services Maldives Pvt Ltd	15%
	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%
India	Aitken Spence Hotel Services Pvt Ltd	25.17%
	PR Holiday Homes Pvt Ltd	25.17%
	Aitken Spence Hotel Managements (South India) Pvt Ltd	25.17%
Bangladesh	Ace Bangladesh Ltd	35%

Dividends paid by companies registered in the Maldives is subject to withholding tax of 10% as per provisions of the Maldives Income Tax Act and the regulations issued thereto.

Dividends remitted to Sri Lanka from the above companies are exempt from income tax under the third schedule to the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

NOTES TO THE FINANCIAL STATEMENTS

12.3 Tax recognised in income statements

For the year ended 31st March	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000	COMPANY 2021 Rs.'000	COMPANY 2020 Rs.'000
Current tax expense				
Tax on current year profits (note 12.5)	733,311	1,003,454	9,106	10,485
Under / (over) provision in respect of previous years	(63,890)	(48,065)	1,027	14,457
Withholding tax on dividends paid by subsidiaries	796	182,017	-	-
	670,217	1,137,406	10,133	24,942
Deferred tax expense / (income)				
Impact of changes in tax rates	(29,685)	-	57,216	-
Origination / (reversal) of temporary differences	(171,022)	173,282	(101,673)	(4,764)
Deferred tax expense / (income) (note 12.6)	(200,707)	173,282	(44,457)	(4,764)
	469,510	1,310,688	(34,324)	20,178
Effective tax rate (including deferred tax)	-	31.2%	-	1.2%
Effective tax rate (excluding deferred tax)	-	27.1%	-	1.5%

Income tax expense excludes, the Group's share of tax expense of the equity-accounted investees recognised in profit/(loss) of Rs. 65.5 million (2019/2020 - Rs. 201.9 million) which is included in 'share of profit of equity-accounted investees (net of tax)'.

12.4 Tax recognised in other comprehensive income

12.4.1 Group

For the year ended 31st March	2021 Before tax Rs.'000	2021 Tax (expense) / income Rs.'000	2021 Net of tax Rs.'000	2020 Before tax Rs.'000	2020 Tax (expense) / income Rs.'000	2020 Net of tax Rs.'000
Items that will not be reclassified to profit or loss						
Revaluation of freehold land (tax impact of rate change)	-	111,294	111,294	-	-	-
Actuarial gains / (losses) on defined benefit obligations	(298,909)	49,160	(249,749)	168,990	(31,487)	137,503
Equity investments at FVOCI – net change in fair value	(2,125)	213	(1,912)	(1,970)	196	(1,774)
Share of other comprehensive income of equity-accounted investees (net of tax)	34,052	-	34,052	(5,740)	-	(5,740)
	(266,982)	160,667	(106,315)	161,280	(31,291)	129,989
Items that are or may be reclassified to profit or loss						
Exchange differences on translation of foreign operations	1,028,126	-	1,028,126	968,572	-	968,572
Net movement on cash flow hedges	(712,630)	-	(712,630)	(291,529)	-	(291,529)
Share of other comprehensive income of equity-accounted investees (net of tax)	306,326	-	306,326	1,307	-	1,307
	621,822	-	621,822	678,350	-	678,350
Other comprehensive income for the year	354,840	160,667	515,507	839,630	(31,291)	808,339

Tax recognised in other comprehensive income excludes, the Group's share of tax expense of the equity-accounted investees recognised in the other comprehensive income of Rs. 9.8 million (2019/2020 - Rs. 1.0 million) which has been included in 'share of other comprehensive income of equity-accounted investees (net of tax).

12.4.2 Company

For the year ended 31st March	2021			2020		
	Before tax	Tax (expense) / income	Net of tax	Before tax	Tax (expense) / income	Net of tax
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Items that will not be reclassified to profit or loss						
Actuarial gains / (losses) on defined benefit obligations	(30,951)	7,428	(23,523)	18,142	(5,080)	13,062
Equity investments at FVOCI – net change in fair value	(4,731)	473	(4,258)	(2,247)	225	(2,022)
Other comprehensive income for the year	(35,682)	7,901	(27,781)	15,895	(4,855)	11,040

12.5 Reconciliation of the accounting profits and current year tax

For the year ended 31st March	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit before tax	(2,844,273)	4,197,662	2,575,216	1,620,132
Consolidation adjustments	(375,833)	(251,484)	-	-
Profit after adjustments	(3,220,106)	3,946,178	2,575,216	1,620,132
Income not liable for income tax	1,382,503	815,087	(516,821)	(27,390)
Effect of revenue subject to tax at source	347,204	1,315,716	91,056	104,841
Adjusted profit	(1,490,399)	6,076,981	2,149,451	1,697,583
Non- taxable receipts / gains	(14,861)	(31,504)	(1,070,916)	(1,326,446)
Aggregate disallowed expenses	6,386,238	6,524,138	155,792	170,382
Capital allowances	(19,325,753)	(4,276,851)	(19,191)	(23,770)
Aggregate allowable deductions	(1,382,233)	(3,331,618)	(602,396)	(722,972)
Utilisation of tax losses	(1,763,505)	(934,093)	(1,534,319)	(664,018)
Current year tax losses not utilised	21,938,187	2,300,279	1,012,636	974,083
Taxable income	4,347,674	6,327,332	91,057	104,842
Income tax charged at;				
Standard rate	116,107	89,624	-	-
Concessionary rates	354,350	442,435	-	-
Other rates	-	400	-	-
Varying rates on off- shore profits	262,854	470,995	9,106	10,485
	733,311	1,003,454	9,106	10,485
Under / (over) provision in respect of previous years	(63,890)	(48,065)	1,027	14,457
Withholding tax on dividends paid by subsidiaries	796	182,017	-	-
	670,217	1,137,406	10,133	24,942

NOTES TO THE FINANCIAL STATEMENTS

12.6 Deferred tax expense/ (income)

For the year ended 31st March	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000	COMPANY 2021 Rs.'000	COMPANY 2020 Rs.'000
Origination / (reversal) of temporary differences arising from ;				
Accelerated depreciation for tax purposes on property, plant and equipment	778,678	196,434	(5,718)	(2,255)
Defined benefit obligations	(4,224)	(7,962)	2,247	(1,059)
Tax losses carried forward	(1,177,645)	101,396	(40,292)	-
Expected credit losses	(8,105)	(47,866)	(694)	(1,450)
Right-of-use assets	210,589	(22,480)		-
Undistributed profits of consolidated entities	-	(46,240)		-
	(200,707)	173,282	(44,457)	(4,764)

12.7 Tax losses carried forward

	GROUP 2020/2021 Rs.'000	GROUP 2019/2020 Rs.'000	COMPANY 2020/2021 Rs.'000	COMPANY 2019/2020 Rs.'000
Tax losses brought forward	9,598,636	9,266,465	2,149,512	1,544,560
Adjustments to tax loss brought forward and tax losses arising during the year	21,779,670	1,266,264	1,205,389	1,268,970
Utilisation of tax losses	(1,763,505)	(934,093)	(1,534,319)	(664,018)
	29,614,801	9,598,636	1,820,582	2,149,512

As specified above, some companies in the Group have carried forward tax losses which are available to be set off against the future tax profits of those companies. Deferred tax assets not accounted in respect of these losses amounted to Rs. 3,958.9 million (2019/2020- Rs. 1,488.4 million) since utilization against future taxable profits are not probable. For Aitken Spence PLC, deferred tax assets unaccounted on losses as at 31.03.2021 amounted to Rs.109.1 million (2019/2020- Rs.314.3 million).

13 Earnings / (loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit / (loss) for the year attributable to equity holders of the company, by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations.

For the year ended 31st March	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Net profit /(loss) attributable to equity holders of the company (Rs.)	(1,625,623,221)	2,377,591,327	2,609,540,357	1,599,954,302
Weighted average number of ordinary shares in issue	405,996,045	405,996,045	405,996,045	405,996,045
Earnings /(loss) per share (Rs.)	(4.00)	5.86	6.43	3.94

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

14 Dividends per share

For the year ended 31st March	2021 Rs.'000	2020 Rs.'000
Final ordinary dividend recommended Rs. 1.00 per share* (2019/2020 - Rs. 1.25 per share)	405,996	507,495
	405,996	507,495

* The Directors have recommended a final dividend payment of Rs. 1.00 per share for the year ended 31st March 2021 to be approved at the Annual General Meeting on 30th June 2021.

In compliance with Sri Lanka Accounting Standard LKAS 10- Events after the reporting period, the final dividend recommended is not recognised as a liability in the financial statements as at 31st March 2021.

15 Property, plant and equipment

15.1 Group

	Freehold Land Rs.'000	Freehold buildings Rs.'000	Plant machinery and equipment Rs.'000	Motor vehicles Rs.'000	Furniture and fittings Rs.'000	Capital work-in-progress Rs.'000	Total Rs.'000
Cost or revaluation							
Balance as at 01st April 2020	15,754,370	50,245,890	18,992,221	4,055,926	4,586,404	10,942,610	104,577,421
Exchange difference	286,746	1,863,388	853,016	56,941	126,064	15,324	3,201,479
Additions	-	577,282	203,242	1,200	40,690	1,490,222	2,312,636
Capitalisation of depreciation (property, plant and equipment and right-of-use assets)	-	82	672	822	-	11,598	13,174
Other transfers	-	398,447	11,678,825	23	5,383	(12,083,000)	(322)
Disposals / write-offs	-	(4,899)	(293,472)	(119,939)	(17,037)	-	(435,347)
Balance as at 31st March 2021	16,041,116	53,080,190	31,434,504	3,994,973	4,741,504	376,754	109,669,041
- Recognised under non-current	16,041,116	52,775,418	29,928,907	3,948,493	4,736,020	376,754	107,806,708
- Recognised under current	-	304,772	1,505,597	46,480	5,484	-	1,862,333
Accumulated depreciation							
Balance as at 01st April 2020	-	9,963,619	10,276,894	2,707,565	2,229,728	-	25,177,806
Exchange difference	-	391,778	564,835	36,679	56,715	-	1,050,007
Charge for the year	-	1,363,790	1,671,224	168,241	330,051	-	3,533,306
Capitalisation of depreciation	-	82	672	822	-	-	1,576
Other transfers	-	-	(3,551)	-	3,229	-	(322)
Disposals / write-offs	-	(2,088)	(281,320)	(107,151)	(16,441)	-	(407,000)
Balance as at 31st March 2021	-	11,717,181	12,228,754	2,806,156	2,603,282	-	29,355,373
- Recognised under non-current	-	11,412,409	11,189,777	2,780,472	2,597,798	-	27,980,456
- Recognised under current	-	304,772	1,038,977	25,684	5,484	-	1,374,917
Carrying amount as at 31st March 2021	16,041,116	41,363,009	19,205,750	1,188,817	2,138,222	376,754	80,313,668
- Recognised under non-current	16,041,116	41,363,009	18,739,130	1,168,021	2,138,222	376,754	79,826,252
- Recognised under current *	-	-	466,620	20,796	-	-	487,416
Carrying amount as at 31st March 2020	15,754,370	40,282,271	8,715,327	1,348,361	2,356,676	10,942,610	79,399,615

* Consequent to the expiry of power purchase agreement signed between Ace Power Embilipitiya (Pvt) Ltd., and the Ceylon Electricity Board (CEB) on the 6th April 2021, after the date of the statement of financial position, the property, plant and equipment of Ace Power Embilipitiya (Pvt) Ltd., was transferred to current assets.

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The value of property, plant and equipment pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 23,286 million (2019/2020- Rs. 22,346 million).

Borrowing costs on interest-bearing loans and borrowings capitalised by the Group on qualifying assets during the financial year using a capitalisation rate of 9.29% amounted to Rs. 774.1 million (2019/2020- 1,332.2 million). Further, borrowing costs on lease liabilities capitalised by the Group during the financial year using a capitalisation rate of 13.35% amounted to Rs. 0.01 million (2019/2020- 80.5 million).

Capital work-in-progress represents the amount of expenditure recognised under property plant and equipment during the construction of a capital asset.

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

In compliance with the accounting policy, land owned by Group companies are revalued by independent professional valuers at least once in every five years unless there is an indication of a significant change in the market rates. Details of the revalued land are given in the note 15.3.1 to the financial statements. Tax impact on revaluation of land is given in note 12 to the financial statements.

On re-assessment of the fair value of the Group's assets, it has been identified that there is no impairment of property plant and equipment which requires provision in the financial statements.

Property plant and equipment as at 31st March 2021 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 7,932.0 million that are still in use (2019/2020- Rs. 5,820.0 million).

15.2 Company

	Plant machinery and equipment Rs.'000	Motor vehicles Rs.'000	Furniture and fittings Rs.'000	Total Rs.'000
Cost or revaluation				
Balance as at 01st April 2020	199,288	124,780	84,395	408,463
Additions	1,571	-	138	1,709
Other transfers	(3,551)	-	3,229	(322)
Disposals	(2,985)	(6,000)	(5,487)	(14,472)
Balance as at 31st March 2021	194,323	118,780	82,275	395,378
Accumulated depreciation				
Balance as at 01st April 2020	148,749	52,687	77,410	278,846
Charge for the year	15,381	14,175	3,506	33,062
Other transfers	(3,551)	-	3,229	(322)
Disposals	(2,985)	(4,200)	(5,487)	(12,672)
Balance as at 31st March 2021	**157,594**	**62,662**	**78,658**	**298,914**
Carrying amount as at 31st March 2021	36,729	56,118	3,617	96,464
Carrying amount as at 31st March 2020	50,539	72,093	6,985	129,617

There were no property plant and equipment pledged by the Company as security for facilities obtained from banks (2019/2020- nil).

There were no borrowing costs capitalised on interest-bearing loans and borrowings and lease liabilities by the Company on qualifying assets during the financial years 2020/2021 and 2019/2020.

Property plant and equipment as at 31st March 2021 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 189.8 million that are still in use (2019/2020- Rs. 147.8 million).

15.3 Freehold land

15.3.1 Land carried at revalued amount

Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs) Rs.	Extent	Carrying amount as at 31.03.2021 Rs.'000	Revaluation surplus Rs.'000	Carrying amount 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 (c)	144/7, Rajiv Gandhi Salai, Kottivakkam, OMR, Chennai, India	01.06.2018	7,615,103	0 A 3 R 15.14 P	1,029,105	472,819	556,286
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
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
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 (b)	Cochin- Kerala, India	07.02.2017	82,741	4 A 0 R 9.00 P	53,699	43,268	10,431
PR Holiday Homes (Pvt) Ltd (b)	Cochin- Kerala, India	07.02.2017	99,480	14 A 0 R 7.52 P	223,584	77,747	145,837
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

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Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs)	Extent	Carrying amount as at 31.03.2021	Revaluation surplus	Carrying amount at cost
			Rs.	Rs.'000	Rs.'000	Rs.'000	Rs.'000
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
					12,497,069	9,804,101	2,692,968

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 land 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.

c Valuation of the land was carried out by CBRE South Asia Pvt. Ltd, 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 2021.

15.3.2 Land carried at cost (fair value)

Company	Location	Last revaluation date	Extent	Carrying amount as at 31.03.2021
			Rs.'000	Rs.'000
Aitken Spence Resorts (Middle East) LLC*	Muscat, Oman	11.02.2016	5 A 0 R 8.00 P	3,489,808
Aitken Spence Property Developments Ltd	St.Rita's Estate, Mawaramandiya	15.11.2018	1 A 0 R 0.00 P	54,239
				3,544,047

Above land which is carried at cost have not been revalued since the acquisition cost represents the fair value.

* Due to the COVID-19 restriction imposed by the government where the company operate, the management was unable to obtain the valuation of property in Oman. However, based on the internal assessment carried out, it was concluded that there was no significant deviation in the carrying amount of the assets.

15.3.3 Total carrying amount of land

	Carrying amount as at 31.03.2021
	Rs.'000
Land carried at revalued amount (note 15.3.1)	12,497,069
Land carried at cost (fair value) (note 15.3.2)	3,544,047
	16,041,116

16 Investment properties

16.1 Movement during the year

	GROUP		COMPANY	
	2020/2021 Rs.'000	2019/2020 Rs.'000	2020/2021 Rs.'000	2019/2020 Rs.'000
Cost				
Balance as at 01st April	1,633,400	1,633,400	3,494,039	3,494,039
Balance as at 31st March	1,633,400	1,633,400	3,494,039	3,494,039
Accumulated depreciation / impairment				
Balance as at 01st April	1,560	1,300	71,643	67,954
Charge for the year	260	260	1,820	3,689
Balance as at 31st March	1,820	1,560	73,463	71,643
Carrying amount as at 31st March	1,631,580	1,631,840	3,420,576	3,422,396

16.2 Details of land and buildings classified as investment property

Location	Extent	Estimated price per perch (Significant unobservable inputs) Rs.	Carrying value of investment property as at 31.03.2021 GROUP Rs.'000	COMPANY Rs.'000	Number of buildings
315, Vauxhall Street, Colombo 02	1 A 0 R 12.78 P	8,500,000	-	900,000	2
316, K. Cyril C. Perera Mw., Colombo 13	1 A 0 R 20.40 P	3,975,977	-	223,650	3
170, Sri Wickrema Mw., Colombo 15	3 A 3 R 31.00 P	1,058,376	-	188,000	8
Moragalla, Beruwala	10 A 1 R 22.97 P	425,143	-	537,425	9
290/1, Inner Harbour Road, Trincomalee	0 A 1 R 4.95 P	422,692	-	12,700	1
Irakkakandi Village, VC Road, Nilaweli	113 A 1 R 1.00 P	75,000- 250,000	1,630,801	1,558,801	-
58/1, Park Road Kerawalapitiya,Wattala			779	-	1
			1,631,580	3,420,576	

Properties which are occupied by companies within the Group for the production or supply of goods and services or for administration purposes are treated as property, plant and equipment in the consolidated financial statements at revalued amounts. These properties are treated as investment property in the relevant company's statement of financial position at cost, if such company has rented out the property to other Group companies.

16.3 Market value

Investment properties in the Group are accounted for on the cost model. The open market value of the above properties based on the directors' valuation as at 31st March 2021 and 31st March 2020 for the Group was Rs. 2,569 million and for the Company was Rs. 6,520 million.

16.4 Income earned from investment property

Total rent income earned by the company from the investment properties during the year was Rs. 48.4 million (2019/2020- Rs. 48.1 million) (Group-nil). There were no direct operating expenses arising on any of the above investment properties.

There were no restrictions on the realisability of any investment property or on the remittance of income or proceeds of disposal.

NOTES TO THE FINANCIAL STATEMENTS

17 Intangible assets

17.1 Group

	Goodwill Rs.'000	Software Rs.'000	Other intangibles Rs.'000	Total Rs.'000
Cost				
Balance as at 01st April 2020	1,140,604	565,039	12,258	1,717,901
Exchange difference	26,163	7,112	2,217	35,492
Additions	-	9,298	-	9,298
Other transfers	-	(10,329)	10,651	322
Balance as at 31st March 2021	1,166,767	571,120	25,126	1,763,013
Accumulated amortisation / impairment				
Balance as at 01st April 2020	198,769	441,770	7,365	647,904
Exchange difference	-	4,436	2,199	6,635
Amortisation for the year	-	39,676	2,510	42,186
Other transfers	-	(9,869)	10,191	322
Balance as at 31st March 2021	198,769	476,013	22,265	697,047
Carrying amount as at 31st March 2021	967,998	95,107	2,861	1,065,966
Carrying amount as at 31st March 2020	941,835	123,269	4,893	1,069,997

There were no intangible assets pledged by the Group as security for facilities obtained from banks (2019/2020- nil).

Intangible assets as at 31st March 2021 includes fully amortised assets having a gross carrying amount (cost) of Rs. 407.1 million that are still in use (2019/2020- Rs. 372.3 million).

17.1.1 Net carrying value of goodwill

Goodwill arising on business combinations have been allocated to the following segments for impairment testing. Each segment consists of several cash generating units (CGU's).

As at	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Tourism sector	519,307	493,144
Maritime and freight logistics sector	378,637	378,637
Strategic investments	50,000	50,000
Services sector	20,054	20,054
	967,998	941,835

The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The key assumptions used are given below;

Business growth – Based on the long term average growth rate for each business unit where applicable. The weighted average growth rate used is consistent with the forecasts included in industry reports (2020/2021- 2.0% to 8.1%, 2019/2020- 2.0% to 18.0%).

Inflation – Based on current inflation rate.

Discount rate – Risk free rate adjusted for the specific risk relating to the industry (2020/2021- 6.5% to 10.0%, 2019/2020- 6.2% to 9.5%).

Margin – Based on past performance and budgeted expectations.

17.2 Company

	Software	
	2020/2021	2019/2020
	Rs.'000	Rs.'000
Cost or valuation		
Balance as at 01st April	193,557	175,099
Additions	5,130	18,458
Transfers from property, plant and equipment	322	-
Balance as at 31st March	199,009	193,557
Accumulated amortisation / impairment		
Balance as at 01st April	174,974	166,870
Charge for the year	5,138	8,104
Transfers from property, plant and equipment	322	-
Balance as at 31st March	180,434	174,974
Carrying amount as at 31st March	18,575	18,583

There were no intangible assets pledged by the Company as security for facilities obtained from the banks (2019/2020- nil).

Intangible assets as at 31st March 2021 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 168.0 million that are still in use (2019/2020- Rs. 160.7 million).

18 Biological assets

	GROUP		
	Immature plantations	Mature plantations	Total
	Rs.'000	Rs.'000	Rs.'000
Cost			
Balance as at 01st April 2020	55,933	11,468	67,401
Additions	8,243	-	8,243
Transfers	(2,028)	2,028	-
Balance as at 31st March 2021	62,148	13,496	75,644
Accumulated depreciation			
Balance as at 01st April 2020	-	11,126	11,126
Charge for the year	-	1,396	1,396
Balance as at 31st March 2021	-	12,522	12,522
Carrying amount as at 31st March 2021	62,148	974	63,122
Carrying amount as at 31st March 2020	55,933	342	56,275

There were no biological assets pledged by the Group as security for facilities obtained from banks (2019/2020- nil).

Borrowing costs capitalised under biological assets on lease liabilities by the Group during the financial year amounted to Rs.2.7 million (2019/2020- 3.0 million). The average rate of borrowing costs eligible for capitalisation is 10.02 %.

NOTES TO THE FINANCIAL STATEMENTS

19 Right-of-use assets

19.1 Movement during the year

Leasedhold properties that do not meet the definition of an investment property are presented as right-of-use assets.

Group

	Right-of-Use Land Rs.'000	Right-of-Use buildings Rs.'000	Total Rs.'000
Cost			
Balance as at 01st April 2020	16,373,528	2,554,777	18,928,305
Exchange difference	880,357	388,270	1,268,627
Additions	1,004,781	40,252	1,045,033
Disposals	-	(16,013)	(16,013)
Balance as at 31st March 2021	18,258,666	2,967,286	21,225,952
- Recognised under non-current	18,254,460	2,967,286	21,221,746
- Recognised under current	4,206	-	4,206
Accumulated depreciation			
Balance as at 01st April 2020	4,544,337	1,134,306	5,678,643
Exchange difference	276,803	185,299	462,102
Charge for the year	788,249	239,784	1,028,033
Capitalised under property, plant and equipment	11,598	-	11,598
Other transfers	(11,121)	11,121	-
Disposals	-	(16,013)	(16,013)
Balance as at 31st March 2021	12,648,800	1,412,789	14,061,589
- Recognised under non-current	5,606,843	1,554,497	7,161,340
- Recognised under current	3,023	-	3,023
Carrying amount as at 31st March 2021	12,648,800	1,412,789	14,061,589
- Recognised under non-current	12,647,617	1,412,789	14,060,406
- Recognised under current*	1,183	-	1,183
Carrying amount as at 31st March 2020	11,829,191	1,420,471	13,249,662

* Consequent to the expiry of the power purchase agreement signed between Ace Power Embilipitiya (Pvt) Ltd., and the Ceylon Electricity Board (CEB) on the 6th April 2021, after the date of the statement of financial position, the right-of-use assets of Ace Power Embilipitiya (Pvt) Ltd., was transferred to current assets.

19.2 Amounts recognised in profit or loss on SLFRS 16 - Leases

	2020/2021 Rs.'000	2019/2020 Rs.'000
Depreciation expense of right-of-use assets (note 19.1)	1,028,033	926,779
Interest on lease liabilities (note 31.1)	717,237	685,056
Expenses relating to short term leases and leases of low value assets	186,081	312,635

19.3 Amounts recognised in statement of cash flows on SLFRS 16 - Leases

	2020/2021 Rs.'000	2019/2020 Rs.'000
Lease capital repayment	495,673	744,118
Lease interest paid	91,637	768,577
Total cash outflow for leases (note 31.1)	587,310	1,512,695

19.4 Details of leased properties relating to right-of-use assets

Company	Nature of the leasing activity	Location of the leased property	Unexpired lease periods as at 31.03.2021
Ace Apparels (Pvt) Ltd	Land	Koggala- Sri Lanka	43 years
Ace Containers (Pvt) Ltd	Yard and Warehouse facilities	Wattala- Sri Lanka	2- 4 years
Ace Container Terminals (Pvt) Ltd	Land	Biyagama- Sri Lanka	73 years
Ace Container Terminals (Pvt) Ltd	Land	Katunayake- Sri Lanka	67 years
Ace Distriparks (Pvt) Ltd	Land	Mihinthale- Sri Lanka	23 years
Ace Distriparks (Pvt) Ltd	Warehouse facilities	Welisara and Wattala- Sri Lanka	1- 5 years
Ace Power Embilipitiya (Pvt) Ltd	Land	Embilipitiya- Sri Lanka	2 years
Ace Windpower (Pvt) Ltd	Land	Ambewela- Sri Lanka	12 years
Aitken Spence Agriculture (Pvt) Ltd	Land	Dambulla- Sri Lanka	22 years
Aitken Spence Cargo (Pvt) Ltd	Warehouse facilities	Mulleriyawa- Sri Lanka	02 years
Aitken Spence Hotel Managements (Pvt) Ltd	Warehouse facilities	Colombo 02- Sri Lanka	03 years
Aitken Spence Property Developments (Pvt) Ltd	Land	Colombo 02- Sri Lanka	01 year
Global Parcel Delivery (Pvt) Ltd	Warehouse facility	Ingiriya- Sri Lanka	06 years
Hethersett Hotels Ltd	Land	Nuwara Eliya- Sri Lanka	74 years
Kandalama Hotels (Pvt) Ltd	Land	Dambulla- Sri Lanka	22 years
Western Power Company (Pvt) Ltd	Land	Muthurajawela- Sri Lanka	26 years
ADS Resorts (Pvt) Ltd	Island	North Male' Atoll- Maldives	06 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll- Maldives	28 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll- Maldives	44 years
Jetan Travel Services Company (Pvt) Ltd	Island	South Male' Atoll- Maldives	22 years
Unique Resorts (Pvt) Ltd	Island	South Male' Atoll- Maldives	25 years
Fiji Ports Terminal Ltd	Wharfs used for ports operations	Suva- Fiji	08 years

The Group leases office space, office equipment, motor vehicles etc., with contract terms less than five years. These leases are either short term (term leass than one year) and/or leases having low-value. Hence, the Group has elected not to recognise theses leases as right-of-use assets and lease liabilities.

The value of right-of-use assets pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 14,790 million (2019/2020- Rs. 8,197.7 million).

NOTES TO THE FINANCIAL STATEMENTS

20 Investments in subsidiaries

20.1 Investments in subsidiaries - unquoted

	Country of incorporation	Number of shares as at 31.03.2021	Company holding %	Group holding %	Non-controlling holding %	As at 31.03.2021 Rs.'000	As at 31.03.2020 Rs.'000
a) Ordinary shares							
Ace Apparels (Pvt) Ltd (a) (c)	Sri Lanka	13,100,001	100.00	100.00	-	131,000	131,000
Ace Cargo (Pvt) Ltd (a)	Sri Lanka	990,000	100.00	100.00	-	245,173	245,173
Ace Container Repair (Pvt) Ltd (a)	Sri Lanka	2,250,000	100.00	100.00	-	22,500	22,500
Ace Container Terminals (Pvt) Ltd (a)	Sri Lanka	1,550,002	100.00	100.00	-	15,500	15,500
Ace Containers (Pvt) Ltd (a)	Sri Lanka	4,725,660	100.00	100.00	-	440,100	440,100
Ace Distriparks (Pvt) Ltd (a)	Sri Lanka	8,900,000	100.00	100.00	-	89,000	89,000
Ace Exports (Pvt) Ltd (a)	Sri Lanka	1,400,000	100.00	100.00	-	14,000	14,000
Ace Freight Management (Pvt) Ltd (a)	Sri Lanka	5,222,500	100.00	100.00	-	36,307	36,307
Ace International Express (Pvt) Ltd	Sri Lanka	10,000	100.00	100.00	-	100	100
Ace Wind Power (Pvt) Ltd (a)	Sri Lanka	37,050,000	100.00	100.00	-	430,000	430,000
Aitken Spence Agriculture (Pvt) Ltd (a) (b)	Sri Lanka	7,500,001	100.00	100.00	-	75,000	75,000
Aitken Spence Apparels (Pvt) Ltd (a) (c)	Sri Lanka	1,500,000	100.00	100.00	-	15,000	15,000
Aitken Spence Cargo (Pvt) Ltd (a)	Sri Lanka	10,000	100.00	100.00	-	820	820
Aitken Spence Exports (Pvt) Ltd (c)	Sri Lanka	52,500	100.00	100.00	-	514	514
Aitken Spence Group Ltd (a) (b)	Sri Lanka	10,000	100.00	100.00	-	100	100
Aitken Spence Insurance Brokers (Pvt) Ltd	Sri Lanka	152,740	100.00	100.00	-	1,500	1,500
Aitken Spence International Consulting (Pvt) Ltd	Sri Lanka	10,000	100.00	100.00	-	100	100
Aitken Spence Maritime Ltd (a)	Sri Lanka	140,000	100.00	100.00	-	1,400	1,400
Aitken Spence Printing and Packaging (Pvt) Ltd (a)	Sri Lanka	10,000,000	100.00	100.00	-	100,000	100,000
Aitken Spence Shipping Ltd (a)	Sri Lanka	2,038,072	100.00	100.00	-	132,717	132,717
Aitken Spence Shipping Services Ltd (a)	Sri Lanka	25,000	100.00	100.00	-	20,200	20,200
Aitken Spence Technologies (Pvt) Ltd (b)	Sri Lanka	1,577,506	100.00	100.00	-	13,888	13,888
Branford Hydropower (Pvt) Ltd (a)	Sri Lanka	16,400,100	100.00	100.00	-	223,000	223,000
Clark Spence and Company (Pvt) Ltd	Sri Lanka	25,000	100.00	100.00	-	74,300	74,300
Logilink (Pvt) Ltd (a)	Sri Lanka	30,000,000	100.00	100.00	-	222,690	222,690
Royal Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	50,000	100.00	100.00	-	500	500
Vauxhall Investments (Pvt) Ltd (a)	Sri Lanka	1,320,000	100.00	100.00	-	13,200	13,200
Vauxhall Property Developments (Pvt) Ltd (a)	Sri Lanka	11,270,000	100.00	100.00	-	153,401	153,401
Western Power Holdings (Pvt) Ltd (a)	Sri Lanka	10,000,000	100.00	100.00	-	500,000	500,000
Aitken Spence Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	75,425,725	96.41	100.00	-	766,594	766,594
Aitken Spence Developments (Pvt) Ltd	Sri Lanka	45,999	92.00	92.00	8.00	1,825	1,825
Western Power Company (Pvt) Ltd (a) (c)	Sri Lanka	80	80.00	80.00	20.00	200,000	200,000
Elevators (Pvt) Ltd (a)	Sri Lanka	154,786	77.40	77.40	22.60	11,594	11,594
Aitken Spence Moscow (Pvt) Ltd (a)	Sri Lanka	37,500	75.00	75.00	25.00	375	375
Ace Power Embilipitiya (Pvt) Ltd (a) (c)	Sri Lanka	124,033,413	74.00	74.00	26.00	703,626	703,626
Ace Aviation Services (Pvt) Ltd (a)	Sri Lanka	26,251	50.00	100.00	-	263	263
Aitken Spence (Garments) Ltd (a) (c)	Sri Lanka	998,747	50.00	50.00	50.00	26,257	26,257
Aitken Spence Travels (Pvt) Ltd (a) (c)	Sri Lanka	1,704,000	50.00	50.00	50.00	60,875	60,875
MMBL Money Transfer (Pvt) Ltd (a)	Sri Lanka	3,000,000	50.00	50.00	50.00	35,566	35,566
Aitken Spence Hotel Managements (Pvt) Ltd (a) (c)	Sri Lanka	4,020,000	51.00	87.50	12.50	40,200	40,200
Aitken Spence Hotel Managements Asia (Pvt) Ltd (b) (c)	Sri Lanka	4,924,500	49.00	86.99	13.01	49,245	49,245

	Country of incorporation	Number of shares as at 31.03.2021	Company holding %	Group holding %	Non-controlling holding %	As at 31.03.2021 Rs.'000	As at 31.03.2020 Rs.'000
Aitken Spence Hotels International (Pvt) Ltd (a) (c)	Sri Lanka	10,323,225	49.00	86.99	13.01	**99,000**	99,000
Kandalama Hotels (Pvt) Ltd (a) (c)	Sri Lanka	6,000,000	37.00	82.99	17.01	**182,050**	182,050
Interlifts International Pvt Ltd	Maldives	23,721	39.99	40.00	60.00	**2,005**	3,258
Ace Aviation Services Maldives Pvt Ltd	Maldives	490	49.00	49.00	51.00	**639**	639
Fiji Ports Terminal Ltd (a)	Fiji	1,572,993	51.00	60.80	39.20	**749,242**	749,242
Global Parcel Delivery (Pvt) Ltd (a)	Sri Lanka	1	100.00	100.00	-	**-**	-
Aitken Spence Power (Pvt) Ltd (a)	Sri Lanka	1	100.00	100.00	-	**-**	-
Aitken Spence Corporate Finance (Pvt) Ltd (a) (b) (c)	Sri Lanka	2	100.00	100.00	-	**-**	-
Aitken Spence Ports International Ltd (a)	Sri Lanka	10,000	10.00	100.00	-	**-**	-
						5,901,366	5,902,619
b) Preference Shares							
Cumulative preference shares							
Aitken Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	500,000	100.00	100.00	-	**5,000**	5,000
Aitken Spence Hotel Holdings PLC (a) (c)	Sri Lanka	16,500,000	100.00	100.00	-	**165,000**	165,000
Western Power Company (Pvt) Ltd (a) *	Sri Lanka	40,000,000	100.00	100.00	-	**3,700,000**	3,250,000
Non-cumulative preference shares							
Aitken Spence (Garments) Ltd (a) (c)	Sri Lanka	4,000,000	72.73	72.73	27.27	**40,000**	40,000
						3,910,000	3,460,000
Provision for impairment of investments						**(97,129)**	(97,129)
						9,714,237	9,265,490

* During 2019/2020 financial year, 40,000,000 Redeemable Cumulative preference shares of Rs. 100.00 each were issued to Aitken Spence PLC by Western Power (Pvt) Ltd. The called up capital on the shares as at 31.03.2021 was Rs. 92.50 per share (31.03.2020- Rs. 81.25 per shares).
The outstanding balance subscription of Rs. 7.50 per share will be called from time to time as and when required by the issuing company.

a,b,c,d - refer note 43

20.2 Investment in subsidiaries - quoted

	Country of incorporation	Number of shares as at 31.03.2021	Company holding %	Group holding %	Non-controlling holding %	As at 31.03.2021 Rs.'000	As at 31.03.2020 Rs.'000
Aitken Spence Hotel Holdings PLC (a) (c) (Ordinary Shares)	Sri Lanka	239,472,667	71.20	74.49	25.51	**2,458,287**	2,458,287
						2,458,287	2,458,287
Market value of quoted investment						**7,232,075**	5,986,817

20.3 Total carrying amount

As at	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Investment in subsidiaries- unquoted (note 20.1)	**9,714,237**	9,265,490
Investment in subsidiaries- quoted (note 20.2)	**2,458,287**	2,458,287
	12,172,524	11,723,777

NOTES TO THE FINANCIAL STATEMENTS

20.4 Inter-company shareholdings - unquoted

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2021	Percentage holding (%) Investor holding %	Group holding %	Non-controlling holding %
A E Lanka (Pvt) Ltd (a)	Sri Lanka	Vauxhall Property Developments (Pvt) Ltd	200	100.00	100.00	-
Ace Aviation Services (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Cargo (Pvt) Ltd	26,251	50.00	100.00	-
Ace Travels and Conventions (Pvt) Ltd	Sri Lanka	Aitken Spence Travels (Pvt) Ltd	55,000	100.00	50.00	50.00
Ahungalla Resorts Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	78,369,024	60.00	44.69	55.31
Aitken Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	Vauxhall Investments (Pvt) Ltd	5,000	100.00	100.00	-
Aitken Spence Developments (Pvt) Ltd	Sri Lanka	Ace Containers (Pvt) Ltd	1	0.00	92.00	8.00
Aitken Spence (Garments) Ltd (a) (c)	Sri Lanka	Group companies	3	0.00	50.00	50.00
Aitken Spence Global Operations (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotels International (Pvt) Ltd	100,000	100.00	86.99	13.01
Aitken Spence Hotel Managements (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	3,862,353	49.00	87.50	12.50
Aitken Spence Hotel Managements Asia (Pvt) Ltd (b) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	5,125,500	51.00	86.99	13.01
Aitken Spence Hotels International (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	10,744,583	51.00	86.99	13.01
Aitken Spence Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	14,701,204	98.01	73.01	26.99
		Group companies	2	0.00		
Aitken Spence Overseas Travel Services (Pvt) Ltd	Sri Lanka	Aitken Spence Travels (Pvt) Ltd	50,000	100.00	50.00	50.00
Aitken Spence Ports International Ltd (a)	Sri Lanka	Aitken Spence Maritime Ltd	90,000	90.00	100.00	-
Aitken Spence Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	Vauxhall Property Developments (Pvt) Ltd	2,805,000	3.53	100.00	-
Aitken Spence Resources (Pvt) Ltd (c)	Sri Lanka	Aitken Spence Hotel Management (Pvt) Ltd	10,000	100.00	100.00	-
D.B.S. Logistics Ltd (a)	Sri Lanka	Aitken Spence Cargo (Pvt) Ltd	200,000	100.00	100.00	-
Elevators (Pvt) Ltd (a)	Sri Lanka	Group companies	14	0.00	77.40	22.60
Hapag-Lloyd Lanka (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Maritime Ltd	119,999	60.00	60.00	40.00
		Clark Spence and Company (Pvt) Ltd	1	0.00		
Heritance (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotels Ltd	2,125,627	100.00	73.01	26.99
Hethersett Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	24,542,000	94.44	70.35	29.65
Kandalama Hotels (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotels Ltd	10,216,216	63.00	82.99	17.01
Meeraladuwa (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	20,227,801	100.00	74.49	25.51
Neptune Ayurvedic Village (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	500,000	100.00	74.49	25.51
Nilaveli Resorts (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Nilaveli Holidays (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Shipping and Cargo Logistics (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Shipping Ltd	25,000	50.00	50.00	50.00
The Galle Heritage (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Turyaa (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	219,812,322	100.00	74.49	25.51
Turyaa Resorts (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	121,920,001	100.00	74.49	25.51

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2021	Percentage holding (%) Investor holding %	Group holding %	Non-controlling holding %
Aitken Spence Resorts (Middle East) LLC (a) (c)	Oman	Aitken Spence Hotels International (Pvt) Ltd	11,363,775	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Ace Resorts Pvt Ltd (a) (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	8,480,999	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
A.D.S Resorts Pvt Ltd (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	1,274,999	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Cowrie Investments Pvt Ltd (a) (c)	Maldives	Aitken Spence Hotel Holdings PLC	52,740	60.00	44.69	55.31
Interlifts International Pvt Ltd	Maldives	Vauxhall Property Developments (Pvt) Ltd	6	0.01	40.00	60.00
Jetan Travel Services Company Pvt Ltd (c)	Maldives	Crest Star (B.V.I) Ltd	47,500	95.00	70.77	29.23
Spence Maldives Pvt Ltd (a)	Maldives	Ace Cargo (Pvt) Ltd	42,000	60.00	60.00	40.00
Unique Resorts Pvt Ltd (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	6,374,999	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Aitken Spence Hotel Managements (South India) Ltd (a)	India	Aitken Spence Hotels International (Pvt) Ltd	150,048,996	83.40	84.92	15.08
		Aitken Spence Hotel Holdings PLC	29,869,000	16.60		
Aitken Spence Hotel Services Pvt Ltd	India	Aitken Spence Hotels International (Pvt) Ltd	10,000	100.00	86.99	13.01
Perumbalam Resorts Pvt Ltd (a)	India	PR Holiday Homes (Pvt) Ltd	9,998	99.98	73.57	26.43
PR Holiday Homes Pvt Ltd (a)	India	Aitken Spence Hotel Managements Asia (Pvt) Ltd	621,310	84.57	73.57	26.43
Fiji Ports Terminal Ltd (a)	Fiji	Fiji Ports Corporation Ltd	1,511,307	49.00	60.80	39.20
Crest Star (B.V.I) Ltd	British Virgin Islands	Aitken Spence Hotel Holdings PLC	3,415,000	100.00	74.49	25.51
Aitken Spence Travels Myanmar Ltd (a) (c)	Myanmar	Royal Spence Aviation (Pvt) Ltd	6,000	60.00	60.00	40.00
b) Preference Shares						
Cumulative preference shares						
Ace Apparels (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Apparels (Pvt) Ltd	22,650,000	100.00	100.00	-
Aitken Spence Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	40,000,000	100.00	74.49	25.51
Non-cumulative preference shares						
Aitken Spence Hotels International (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Management Asia (Pvt) Ltd	3,825,000	100.00	86.99	13.01

a,b,c - refer note 43

NOTES TO THE FINANCIAL STATEMENTS

20.5 Inter-company shareholdings - quoted

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2021	Percentage holding (%) Investor holding %	Group holding %	Non-controlling holding %
Aitken Spence Hotel Holdings PLC (a) (c) (Ordinary Shares)	Sri Lanka	Ace Cargo (Pvt) Ltd	4,423,601	1.32	74.49	25.51
		Aitken Spence Hotel Management (Pvt) Ltd	3,530,639	1.05		
		Aitken Spence Aviation (Pvt) Ltd	2,604,140	0.77		
		Vauxhall Investments (Pvt) Ltd	340,270	0.10		
		Clark Spence and Company (Pvt) Ltd	136,101	0.04		

a,b,c - refer note 43

20.6 The value of shares pledged by the Group as securities for facilities obtained from banks amounted to Rs.3,700 million (2019/2020- Rs.3,363 million).

Principal activities of the Group's interest in subsidiaries are described on pages 343 to 348.

20.7 Non-controlling interests

The following table summarises the financial information relating to the Group's subsidiaries that has material non-controlling interests (before any intra-group eliminations).

	2020/2021 Aitken Spence Hotel Holding PLC and Group Rs.'000	2020/2021 Other individually immaterial subsidiaries Rs.'000	2020/2021 Total Rs.'000	2019/2020 Aitken Spence Hotel Holding PLC and Group Rs.'000	2019/2020 Other individually immaterial subsidiaries Rs.'000	2019/2020 Total Rs.'000
Non- current assets	67,356,042			66,277,967		
Current assets	6,734,299			8,072,067		
Non- current liabilities	(39,571,835)			(34,701,113)		
Current liabilities	(12,633,682)			(10,498,491)		
Net assets	21,884,824			29,150,430		
Carrying amount of non-controlling interests as at 31st March	6,435,388	3,266,754	9,702,142	9,185,444	3,169,661	12,355,105
Revenue	5,728,379			19,019,241		
Loss for the year	(7,331,111)			(895,724)		
Other comprehensive income for the year, net of tax	107,711			643,644		
Total comprehensive loss for the year	(7,223,400)			(252,080)		
Profit / (loss) for the year allocated to non-controlling interests	(2,551,285)	863,125	(1,688,160)	(545,728)	1,055,111	509,383
Other comprehensive income for the year, net of tax allocated to non-controlling interests	(191,481)	52,546	(138,935)	190,424	33,671	224,095
Total comprehensive income for the year allocated to non-controlling interests	(2,742,766)	915,671	(1,827,095)	(355,304)	1,088,782	733,478
Cash flows from operating activities	(807,340)			3,303,771		
Cash flows from investing activities	(1,287,929)			(3,214,760)		
Cash flows from financing activities	(414,643)			(1,437,348)		
Net increase in cash and cash equivalents	(2,509,912)			(1,348,337)		
Dividends paid to non-controlling interests	-	828,735	828,735	108,994	757,166	866,160

21 Investments in equity-accounted investees

	Note	GROUP 2020/2021 Rs.'000	GROUP 2019/2020 Rs.'000	COMPANY 2020/2021 Rs.'000	COMPANY 2019/2020 Rs.'000
Recognised in the statement of financial position					
Interest in joint ventures	21.1.1	1,140,780	1,078,853	143,700	143,700
Interest in associates	21.2.1	5,939,525	5,609,772	2,642,845	2,642,845
Carrying amount as at 31.03.2021		7,080,305	6,688,625	2,786,545	2,786,545
Recognised in the income statement					
Interest in joint ventures	21.1.2	161,465	124,587	-	-
Interest in associates	21.2.2	214,368	126,897	-	-
Share of profit of equity-accounted investees (net of tax)		375,833	251,484	-	-
Recognised in the statement of profit or loss and other comprehensive income					
Interest in joint ventures	21.1.2	5,935	2,925	-	-
Interest in associates	21.2.2	334,443	(7,358)	-	-
Share of other comprehensive income of equity-accounted investees (net of tax)		340,378	(4,433)	-	-

Share of other comprehensive income of equity-accounted investees (net of tax) is further analysed as ;

	GROUP 2021 Rs.'000	GROUP 2020 Rs.'000
Items that will not be reclassified to profit or loss	34,052	(5,740)
Items that are or may be reclassified to profit or loss	306,326	1,307
	340,378	(4,433)

NOTES TO THE FINANCIAL STATEMENTS

21.1.1 Investment in joint ventures

		GROUP				COMPANY			
	Country of incorporation	Number of shares as at 31.03.2021	Holding %	As at 31.03.2021 Rs.'000	As at 31.03.2020 Rs.'000	Number of shares as at 31.03.2021	Holding %	As at 31.03.2021 Rs.'000	As at 31.03.2020 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	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	20,000	50.00	2,000	2,000
CINEC Campus (Pvt) Ltd (a) (Ordinary shares- Unquoted)	Sri Lanka	253,334	40.00	502,950	502,950			-	-
Ace Bangladesh Ltd (a) (Ordinary shares- Unquoted)	Bangladesh	172,970	49.00	32,587	32,587			-	-
Carrying amount as at 31st March				679,237	679,237			143,700	143,700
Share of movement in equity value				461,543	399,616			-	-
Equity value of investments				1,140,780	1,078,853			143,700	143,700

21.1.2 Summarised financial information of joint ventures - Group

The following analyses in aggregate, the carrying amount, share of profit and other comprehensive income of individually immaterial joint ventures.

	2020/2021 Rs.'000	2019/2020 Rs.'000
Carrying amount of interest in joint ventures as at 31st March	1,140,780	1,078,853
Group's share of :		
- Profit for the year (net of tax)	161,465	124,587
- Other comprehensive income for the year (net of tax)	5,935	2,925
Total comprehensive income for the year	167,400	127,512

21.1.3 Inter-company shareholdings - investment in joint ventures

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2021	Percentage holding (%) Investor holding %	Group holding %	Non-controlling holding %
CINEC Campus (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Ports International Ltd	253,334	40.00	40.00	60.00
Ace Bangladesh Ltd (a)	Bangladesh	Ace Cargo (Pvt) Ltd	172,970	49.00	49.00	51.00

Principal activities of the Group's interest in joint ventures are described on pages 348 to 350.

a,b,c- refer note 43

21.2.1 Investment in associates

		GROUP				COMPANY			
	Country of incorporation	Number of shares as at 31.03.2021	Holding %	As at 31.03.2021 Rs.'000	As at 31.03.2020 Rs.'000	Number of shares as at 31.03.2021	Holding %	As at 31.03.2021 Rs.'000	As at 31.03.2020 Rs.'000
Aitken Spence Plantation Managements PLC (a) (b) (consolidated with Elpitiya Plantations PLC (a) (b)) (Ordinary shares- Quoted)	Sri Lanka	8,295,860	38.95	165,000	165,000	8,295,860	38.95	165,000	165,000
Fiji Ports Corporation Ltd (a) (consolidated with Fiji Ships Heavy Industries Ltd (a)) (Ordinary Shares- Unquoted)	Fiji	14,630,970	20.00	2,351,255	2,351,255	14,630,970	20.00	2,351,255	2,351,255
Serendib Investments Ltd (Ordinary Shares- Unquoted)	Fiji	1,500,000	25.00	126,590	126,590	1,500,000	25.00	126,590	126,590
Browns Beach Hotels PLC (a) (c) (consolidated with Negombo Beach Resorts (Pvt) Ltd (c)) (Ordinary shares- Quoted)	Sri Lanka	48,627,103	27.96	928,077	928,077	-	-	-	-
Amethyst Leisure Ltd (c) (consolidated with Paradise Resort Pasikudah (Pvt) Ltd (c)) (Ordinary shares- Unquoted)	Sri Lanka	218,345,163	23.97	332,848	249,169	-	-	-	-
Carrying amount as at 31st March				3,903,770	3,820,091			2,642,845	2,642,845
Share of movement in equity value				2,035,755	1,789,681			-	-
Equity value of investments				5,939,525	5,609,772			2,642,845	2,642,845
Market value of quoted investments				873,458	902,634			377,462	377,462

21.2.2 Summarised financial information of associates - Group

The following analyses, in aggregate, the carrying amount, share of profit and other comprehensive income of individually immaterial associates.

	2020/2021 Rs.'000	2019/2020 Rs.'000
Carrying amount of interest in associates as at 31st March	5,939,525	5,609,772
Group's share of :		
- Profit for the year (net of tax)	214,368	126,897
- Other comprehensive income for the year (net of tax)	334,443	(7,358)
Total comprehensive income for the year	548,811	119,539

NOTES TO THE FINANCIAL STATEMENTS

21.2.3 Inter-company shareholdings - investment in associates

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2021	Percentage holding (%) Investor holding %	Group holding %	Non-controlling holding %
Amethyst Leisure Ltd (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	134,666,055	27.89	20.78	79.22
Browns Beach Hotels PLC (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	47,455,750	36.62	27.96	72.04
		Aitken Spence Hotels Ltd	432,459	0.33		
		Heritance (Pvt) Ltd	432,444	0.33		
		Kandalama Hotels (Pvt) Ltd	306,450	0.24		

Principal activities of the Group's interest in associates are described on pages 348 to 350.

a,b,c - refer note 43

22 Deferred tax assets

22.1 Movement during the year

	GROUP 2020/2021 Rs.'000	GROUP 2019/2020 Rs.'000	COMPANY 2020/2021 Rs.'000	COMPANY 2019/2020 Rs.'000
Balance as at 01st April	766,677	690,924	299,501	299,592
Exchange difference	40,435	14,591	-	-
Reversal of temporary differences				
Recognised in profit / (loss)	357,263	(105,236)	44,457	4,764
Recognised in other comprehensive income	32,102	(18,057)	7,901	(4,855)
Recognised in equity	-	184,455	-	-
Balance as at 31st March	1,196,477	766,677	351,859	299,501

22.2 Composition of deferred tax assets

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Deferred tax assets attributable to;				
Defined benefit obligations	128,541	85,129	23,721	18,540
Tax losses carried forward	1,448,361	598,661	327,847	287,555
Expected credit losses	43,628	45,565	3,092	2,398
Right-of-use assets	357	210,888	-	-
Accelerated depreciation for tax purposes on property, plant and equipment	(420,991)	(174,140)	(3,935)	(9,653)
Revaluation surplus on freehold land	(4,206)	-	-	-
Financial assets at FVOCI	787	574	1,134	661
Net deferred tax assets	1,196,477	766,677	351,859	299,501

22.3 Movement in tax effect of temporary differences - Group

	As at 31.03.2021	Exchange difference	Recognised in profit / (loss)	Recognised in other comprehensive income	As at 31.03.2020	Exchange difference	Recognised in profit / (loss)	Recognised in other comprehensive income	Recognised in equity	As at 01.04.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax assets										
Defined benefit obligations	128,541	322	6,995	36,095	85,129	(16)	(2,170)	(22,459)	-	109,774
Tax losses carried forward	1,448,361	81,063	768,637	-	598,661	(11,413)	24,543	-	-	585,531
Expected credit losses	43,628	869	(2,806)	-	45,565	161	36,092	-	-	9,312
Right-of-use assets	357	(3,779)	(206,752)	-	210,888	14,442	11,991	-	184,455	-
	1,620,887	78,475	566,074	36,095	940,243	3,174	70,456	(22,459)	184,455	704,617
Deferred tax liability										
Accelerated depreciation for tax purposes on property, plant and equipment	(420,991)	(38,040)	(208,811)	-	(174,140)	11,417	(175,692)	-	-	(9,865)
Revaluation surplus on freehold land	(4,206)	-	-	(4,206)	-	-	-	4,206	-	(4,206)
Financial assets at FVOCI	787	-	-	213	574	-	-	196	-	378
	(424,410)	(38,040)	(208,811)	(3,993)	(173,566)	11,417	(175,692)	4,402	-	(13,693)
Net deferred tax assets	1,196,477	40,435	357,263	32,102	766,677	14,591	(105,236)	(18,057)	184,455	690,924

22.4 Movement in tax effect of temporary differences - Company

	As at 31.03.2021	Recognised in profit / (loss)	Recognised in other comprehensive income	As at 31.03.2020	Recognised in profit / (loss)	Recognised in other comprehensive income	As at 01.04.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax assets							
Defined benefit obligations	23,721	(2,247)	7,428	18,540	1,059	(5,080)	22,561
Tax losses carried forward	327,847	40,292	-	287,555	-	-	287,555
Expected credit losses	3,092	694	-	2,398	1,450	-	948
	354,660	38,739	7,428	308,493	2,509	(5,080)	311,064
Deferred tax liability							
Accelerated depreciation for tax purposes on property, plant and equipment	(3,935)	5,718	-	(9,653)	2,255	-	(11,908)
Financial assets at FVOCI	1,134	-	473	661	-	225	436
	(2,801)	5,718	473	(8,992)	2,255	225	(11,472)
Net deferred tax assets	351,859	44,457	7,901	299,501	4,764	(4,855)	299,592

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23 Other financial assets - non-current

23.1 Unquoted equity and debt securities

As at	Notes	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Financial assets at fair value through OCI					
- Unquoted equity securities	23.1.1	200,797	194,660	16,923	21,654
Financial assets at amortised cost					
- Unquoted debt securities	23.1.2	64,075	60,939	9,058	12,634
- Amounts due from equity-accounted investees		567,725	567,725	-	-
Carrying amount as at 31st March		832,597	823,324	25,981	34,288
Current unquoted debt and equity securities	23.1.2	(25,741)	(22,605)	(9,058)	(12,634)
Non-current unquoted equity and debt securities		806,856	800,719	16,923	21,654

23.1.1 Unquoted equity securities

For the year ended 31st March	GROUP No. of shares as at 31.03.2021	GROUP As at 31.03.2021 Rs.'000	GROUP As at 31.03.2020 Rs.'000	COMPANY No. of shares as at 31.03.2021	COMPANY As at 31.03.2021 Rs.'000	COMPANY As at 31.03.2020 Rs.'000
Rainforest Ecolodge (Pvt) Ltd (Ordinary shares)	3,500,000	35,000	35,000	3,500,000	35,000	35,000
Business Process Outsourcing LLC (Ordinary shares)	30,000	8,640	8,640	30,000	8,640	8,640
Floatels India (Pvt) Ltd (Ordinary shares)	716,037	84,128	84,128	-	-	-
Cargo Village Ltd (Ordinary shares)	40,900	823	823	-	-	-
Ingrin Institute of Printing & Graphics Sri Lanka Ltd (Ordinary shares)	10,000	100	100	-	-	-
		128,691	128,691		43,640	43,640
Change in fair value of investments		(10,215)	(8,090)		(26,717)	(21,986)
Exchange difference		82,321	74,059		-	-
Carrying amount		200,797	194,660		16,923	21,654

23.1.2 Unquoted debt securities

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Sumiko Lanka Hotels (Pvt) Ltd (Redeemable Debentures)	67,392	72,650	9,058	12,634
Impairment of unquoted debt securities	(3,317)	(11,711)	-	-
	64,075	60,939	9,058	12,634
Current unquoted debt securities	(25,741)	(22,605)	(9,058)	(12,634)
Non-current unquoted debt securities	38,334	38,334	-	-

24 Inventories

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Raw materials	864,957	1,173,220	-	-
Work-in-progress and finished goods	452,330	537,584	-	-
Consumables	1,213,947	1,310,823	5,015	3,172
	2,531,234	3,021,627	5,015	3,172
Impairment of inventories *	(176,163)	(186,987)	-	-
	2,355,071	2,834,640	5,015	3,172

* During the year the Group reversed an excess provision of Rs. 10.8 million made against the inventory provision after re-assessing the net realisable value of the inventory as at 31st March 2021. The above reversal is recognised in the income statement under depreciation, amortisation and impairment (losses) / reversals of non-financial assets.

None of the inventories are pledged as security for facilities obtained by the Group or Company from banks as at 31st March 2021. (Group and Company 2019/2020-nil).

25 Trade and other receivables

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Trade receivables	11,055,024	12,210,240	3,165	5,231
Other receivables	2,626,114	2,964,097	735,961	307,366
Contract assets	245,584	258,567	-	-
Amounts due from subsidiaries	-	-	3,268,246	3,692,741
Amounts due from equity-accounted investees	449,614	573,735	150,769	147,295
Loans to employees	11,809	18,685	278	1,340
	14,388,145	16,025,324	4,158,419	4,153,973
Impairment of trade and other receivables	(474,895)	(329,779)	(206,803)	(206,803)
	13,913,250	15,695,545	3,951,616	3,947,170

The movement of loans above Rs. 20,000/- given to executive staff is as follows ;

As at	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Balance as at 01st April	1,340	3,270
Recoveries during the period	(1,062)	(1,930)
Balance as at 31st March	278	1,340

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26 Other current assets

As at	Notes	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Other financial assets	26.1	13,889,540	10,850,655	12,369,486	10,141,146
Property, plant and equipment	15.1	487,416	-	-	-
Right-of-use asset	19.1	1,183	-	-	-
		14,378,139	10,850,655	12,369,486	10,141,146

26.1 Other financial assets - current

As at	Notes	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Financial assets at fair value through profit or loss					
- Quoted equity securities	26.1.1	51,911	71,261	30,066	42,061
- Government securities	26.1.2	-	-	-	-
Financial assets at amortised cost					
- Unquoted debt securities	23.1.2	25,741	22,605	9,058	12,634
- Government securities	26.1.2	606,009	193,629	606,009	193,629
- Bank deposits	26.1.3	13,218,702	10,571,674	11,737,172	9,901,322
- Impairment of bank deposits and government securities		(12,823)	(8,514)	(12,819)	(8,500)
		13,889,540	10,850,655	12,369,486	10,141,146

26.1.1 Quoted equity securities

	GROUP No. of shares as at 31.03.2021	GROUP As at 31.03.2021 Rs.'000	GROUP As at 31.03.2020 Rs.'000	COMPANY No. of shares as at 31.03.2021	COMPANY As at 31.03.2021 Rs.'000	COMPANY As at 31.03.2020 Rs.'000
Commercial Bank of Ceylon PLC (Ordinary shares)	324,996	32,142	31,507	317,568	32,142	31,507
DFCC Bank PLC (Ordinary shares)	26,099	486	399	24,770	486	399
Hatton National Bank PLC (Ordinary shares)	214,787	4,060	4,060	-	-	-
Colombo Dockyard PLC (Ordinary shares)	13,543	123	123	-	-	-
John Keels Holdings PLC (Ordinary shares)	-	-	7,425	-	-	7,425
		36,811	43,514		32,628	39,331
Change in fair value of investments		15,100	27,747		(2,562)	2,730
Carrying amount		51,911	71,261		30,066	42,061

26.1.2 Government securities

Government securities consist of Sri Lanka development bonds which are measured at amortised cost using the effective interest rate.

26.1.3 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.

27 Cash and cash equivalents

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Cash at bank and in hand	7,419,455	6,594,267	2,404,940	1,478,385
Short-term deposits	559,461	-	-	-
Cash and short-term deposits in the statement of financial position	7,978,916	6,594,267	2,404,940	1,478,385
Bank overdrafts and other short-term borrowings	(15,082,668)	(12,866,086)	(8,220,397)	(7,091,516)
Cash and cash equivalents in the statement of cash flows	(7,103,752)	(6,271,819)	(5,815,457)	(5,613,131)

28 Assets classified as held for sale

Consequent to the decision made by the Group to divest from the ship owning business in 2007/2008 and the sale of ships by the Group's ship owning companies, the Group recognised the fair values of the investments in Ceyaki Shipping (Pvt) Ltd and Ceyspence (Pvt) Ltd under assets held for sale. The 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.

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Share of net assets of equity-accounted investees classified as held for sale	141,446	141,446	57,237	57,237
Net current assets of group companies classified as held for sale	22,679	22,679	15,000	15,000
Carrying amount of the leasehold rights classified as held for sale	1,079,094	1,025,525	-	-
	1,243,219	1,189,650	72,237	72,237

There were no discontinued operations recognised in the income statement during the year.

29 Stated capital and reserves

29.1 Stated capital

As at	31.03.2021	31.03.2020
Stated capital (Rs.'000)	2,135,140	2,135,140
No. of shares	405,996,045	405,996,045

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

29.2 Reserves

Revaluation reserve

Revaluation reserve relates to the amount by which the Group has revalued its property, plant and equipment. There were no restrictions on distribution of these balances to the shareholders.

General reserve

General reserve reflects the amount the Group has reserved over the years from its earnings.

Exchange fluctuation reserve

Exchange fluctuation reserve comprises of all foreign exchange differences arising from the translation of foreign subsidiaries in the Group.

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Other capital reserves

This represents the portion of the stated capital of subsidiaries attributable to the Group.

Fair value reserve

This represents the cumulative net change in the fair value of equity securities designated at fair value through OCI.

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.

29.3 Other comprehensive income accumulated in reserves

29.3.1 Group

	Attributable to equity holders of the company							
	Revaluation reserve	Exchange fluctuation reserve	Fair value reserve	Cash flow hedge reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
For the year ended 31st March 2021								
Revaluation of freehold land	-	-	-	-	-	-	-	-
Actuarial gains / (losses) on defined benefit obligations	-	-	-	-	(239,978)	(239,978)	(58,931)	(298,909)
Exchange differences on translation of foreign operations	-	730,131	-	-	-	730,131	297,995	1,028,126
Equity investments at FVOCI – net change in fair value	-	-	(2,125)	-	-	(2,125)	-	(2,125)
Net movement on cash flow hedges	-	-	-	(318,503)	-	(318,503)	(394,127)	(712,630)
Share of other comprehensive income of equity-accounted investees (net of tax)	21,250	306,326	-	-	5,667	333,243	7,135	340,378
Income tax on other comprehensive income	111,290	-	213	-	40,171	151,674	8,993	160,667
Total	132,540	1,036,457	(1,912)	(318,503)	(194,140)	654,442	(138,935)	515,507
For the year ended 31st March 2020								
Revaluation of freehold land	-	-	-	-	-	-	-	-
Actuarial gains / (losses) on defined benefit obligations	-	-	-	-	137,784	137,784	31,206	168,990
Exchange differences on translation of foreign operations	-	609,240	-	-	-	609,240	359,332	968,572
Equity investments at FVOCI – net change in fair value	-	-	(1,970)	-	-	(1,970)	-	(1,970)
Net movement on cash flow hedges	-	-	-	(130,296)	-	(130,296)	(161,233)	(291,529)
Share of other comprehensive income of equity-accounted investees (net of tax)	-	1,307	-	-	(5,791)	(4,484)	51	(4,433)
Income tax on other comprehensive income	-	-	197	-	(26,227)	(26,030)	(5,261)	(31,291)
Total	-	610,547	(1,773)	(130,296)	105,766	584,244	224,095	808,339

29.3.2 Company

	Fair value reserve Rs.'000	Retained earnings Rs.'000	Total equity Rs.'000
For the year ended 31st March 2021			
Actuarial losses on defined benefit obligations	-	(30,951)	(30,951)
Equity investments at FVOCI – net change in fair value	(4,731)	-	(4,731)
Income tax on other comprehensive income	473	7,428	7,901
Total	(4,258)	(23,523)	(27,781)
For the year ended 31st March 2020			
Actuarial gains on defined benefit obligations	-	18,142	18,142
Equity investments at FVOCI – net change in fair value	(2,247)	-	(2,247)
Income tax on other comprehensive income	225	(5,080)	(4,855)
Total	(2,022)	13,062	11,040

30 Interest-bearing loans and borrowings

30.1 Movement during the year

For the year ended 31st March	GROUP		COMPANY	
	2020/2021 Rs.'000	2019/2020 Rs.'000	2020/2021 Rs.'000	2019/2020 Rs.'000
Loan Capital				
Balance as at 01st April	37,843,615	32,828,258	2,976,710	4,014,823
Exchange difference	2,097,824	1,974,087	148,936	240,214
New loans obtained	2,300,245	5,892,822	1,000,000	-
Interest expense capitalised	1,307,277	152,076	-	-
Capital repayment	(653,620)	(3,019,088)	(198,462)	(1,287,613)
Transaction cost	18,027	15,460	8,408	9,286
	42,913,368	37,843,615	3,935,592	2,976,710
Loan Interest				
Balance as at 01st April	213,985	135,145	32,775	46,290
Exchange difference	6,548	8,539		2,291
Interest expense				
- Charged to the income statement	1,445,400	1,088,477	140,708	217,266
- Capitalised under property, plant and equipment	774,149	1,332,223	-	-
- Capitalised as new loans	(1,307,277)	(152,076)	-	-
Interest paid	(1,020,902)	(2,198,323)	(147,689)	(233,072)
	111,903	213,985	25,794	32,775
Balance as at 31st March	43,025,271	38,057,600	3,961,386	3,009,485
Current portion of interest-bearing liabilities	(4,114,777)	(3,357,190)	(1,119,163)	(182,626)
Non-current portion of interest-bearing liabilities	38,910,494	34,700,410	2,842,223	2,826,859

NOTES TO THE FINANCIAL STATEMENTS

30.2 Analysed by credit terms and security details

Bank / financial institution		Sector	Currency	Interest rate basis	Secured
Hatton National Bank	Loan 1	Tourism	USD	Linked to LIBOR	Yes
	Loan 2	Strategic	LKR	Linked to AWPLR	Yes
	Loan 3	Tourism	USD	Linked to LIBOR	Yes
	Loan 4	Tourism	USD	Linked to LIBOR	Yes
	Loan 5	Tourism	LKR	Fixed Rate	No
	Loan 6	Tourism	LKR	Fixed Rate	No
	Loan 7	Tourism	LKR	Fixed Rate	No
	Loan 8	Tourism	LKR	Fixed Rate	No
	Loan 9	Tourism	LKR	Fixed Rate	No
	Loan 10	Strategic	LKR	Linked to AWDR	Yes
	Loan 11	Strategic	LKR	Linked to AWPLR	Yes
DFCC Bank	Loan 1	Tourism	USD	Linked to LIBOR	Yes
	Loan 2	Strategic	LKR	Linked to AWPLR	Yes
	Loan 3	Tourism	LKR	Linked to AWPLR	Yes
	Loan 4	Tourism	LKR	Linked to T-Bill rate	Yes
	Loan 5	Tourism	LKR	Fixed Rate	Yes
	Loan 6	Strategic	LKR	Linked to AWPLR	Yes
	Loan 7	Strategic	USD	Linked to LIBOR	Yes
	Loan 8	Strategic	LKR	Linked to AWPLR	Yes
	Loan 9	Strategic	LKR	Linked to AWDR	Yes
The Hongkong and Shanghai Banking Corporation	Loan 1	Tourism	EUR	Fixed Rate	Yes
	Loan 2	Tourism	OMR	Fixed Rate	Yes
	Loan 3	Tourism	USD	Linked to LIBOR	Yes
	Loan 4	Tourism	EUR	Fixed Rate	Yes
	Loan 5	Tourism	USD	Linked to LIBOR	Yes
	Loan 6	Strategic	EUR	Linked to EURIBOR	Yes
	Loan 7	Strategic	USD	Linked to LIBOR	No
	Loan 8	Tourism	INR	Linked to MCLR	Yes
People's Bank	Loan 1	Tourism	USD	Linked to LIBOR	Yes
	Loan 2	Strategic	LKR	Linked to AWPLR	Yes
ABANCA Corporación Bancaria	Loan 1	Tourism	EUR	Linked to EURIBOR	Yes
DEG- German Investment Corporation	Loan 1	Strategic	USD	Linked to LIBOR	No
Bank of Ceylon	Loan 1	Strategic	LKR	Linked to AWPLR	Yes
	Loan 2	Strategic	LKR	Fixed Rate	No
Habib Bank	Loan 1	Tourism	LKR	Linked to AWPLR	Yes
	Loan 2	Tourism	LKR	Linked to T-Bill rate	Yes
	Loan 3	Tourism	LKR	Linked to T-Bill rate	Yes
Commercial Bank of Ceylon	Loan 1	Strategic	LKR	Fixed Rate	Yes
	Loan 2	Strategic	LKR	Linked to AWPLR	Yes
	Loan 3	Strategic	LKR	Linked to AWDR	Yes
Seylan Bank	Loan 1	Strategic	LKR	Fixed Rate	No
Sampath Bank	Loan 1	Tourism	LKR	Fixed Rate	Yes
Transaction cost to be amortised					

Secured bank loans are secured over the carrying amount of property, plant and equipment of Rs. 8,295.1 million, right-of-use assets of Rs. 6,248.6 million and corporate guarantees of Rs. 22,734.9 million.

Repayment terms	Maturity	LKR equivalent as at 31.03.2021 Rs.'000	31.03.2020 Rs.'000
60 monthly instalments commencing November 2020	Nov-2025	7,587,838	6,851,664
30 quarterly instalments commencing March 2021	Jun-2028	1,827,485	1,616,667
84 monthly instalments commencing October 2017	Aug-2024	1,516,500	1,361,037
24 monthly instalments commencing November 2019	Sep-2021	499,455	451,036
24 monthly instalments commencing October 2021*	Sep-2023	67,000	67,000
17 monthly instalments commencing October 2021	Feb-2023	25,000	-
17 monthly instalments commencing October 2021	Feb-2023	12,400	-
18 monthly instalments commencing April 2021	Sep-2022	4,714	-
18 monthly instalments commencing April 2021	Sep-2022	2,508	-
Fully repaid during the financial year	Dec-2020	-	8,368
Fully repaid during the financial year	Dec-2020	-	611
		11,542,900	10,356,383
60 monthly instalments commencing November 2020	Nov-2025	5,587,569	4,935,466
30 quarterly instalments commencing March 2021	Jun-2028	1,814,816	1,616,588
65 monthly instalments commencing October 2021*	Feb-2027	602,097	673,651
24 monthly instalments commencing October 2021	Sep-2023	147,706	-
23 monthly instalments commencing February 2020	Dec-2021	54,783	76,696
96 monthly instalments commencing September 2013	Sep-2021	48,601	51,859
48 monthly instalments commencing July 2017	Jun-2021	17,530	18,114
Fully repaid during the financial year	Jul-2020	-	3,149
Fully repaid during the financial year	Jul-2020	-	2,736
		8,273,102	7,378,259
54 monthly instalments commencing October 2021 and a 52% final bullet payment at maturity*	Apr-2026	4,131,930	3,741,681
28 quarterly instalments commencing December 2018	Sep-2025	1,286,528	1,194,829
Bullet repayment at maturity	Jul-2025	992,433	911,332
24 monthly instalments commencing October 2021	Sep-2023	160,686	-
24 monthly instalments commencing October 2021*	Sep-2023	155,087	142,433
12 monthly instalments commencing April 2021*	Mar-2022	33,174	33,048
Fully repaid during the financial year	Jul-2020	-	158,299
Fully repaid during the financial year	Jun-2020	-	64,904
		6,759,838	6,246,526
24 quarterly instalments commencing August 2019	May-2025	3,376,559	3,034,469
30 quarterly instalments commencing March 2021	Jun-2028	2,741,227	2,424,879
		6,117,786	5,459,348
20 quarterly instalments commencing July 2020 and 72% final bullet repayment at maturity	Apr-2025	3,809,558	3,497,601
		3,809,558	3,497,601
10 semi-annual instalments starting July 2021	Jan-2026	3,021,168	2,881,384
		3,021,168	2,881,384
30 quarterly instalments commencing March 2021	Jun-2028	1,827,605	1,616,789
24 monthly instalments commencing March 2021	Feb-2023	962,009	-
		2,789,614	1,616,789
9 quarterly instalments commencing July 2020	Jul-2022	400,600	660,661
8 quarterly instalments commencing October 2021	Oct-2023	263,574	-
8 quarterly instalments commencing July 2020	Apr-2022	40,790	-
		704,964	660,661
24 monthly instalments commencing February 2021	Jun-2022	22,222	-
Fully repaid during the financial year	Jul-2020	-	3,591
Fully repaid during the financial year	Jul-2020	-	3,416
		22,222	7,007
18 monthly instalments commencing April 2021	Sep-2022	15,000	-
		15,000	-
72 monthly instalments commencing December 2017	Nov-2023	3,510	4,940
		3,510	4,940
		(34,391)	(51,298)
		43,025,271	38,057,600

*The loan is subject to a debt moratorium and the repayment terms were modified during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

30.3 Analysed by capital repayment

	GROUP		COMPANY	
As at	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Payable in less than 3 months	420,972	731,065	150,289	149,369
Payable within 3- 12 months	3,693,805	2,626,125	968,874	33,257
Payable within 1- 2 years	7,618,102	5,921,497	1,051,780	562,009
Payable within 2- 5 years	20,574,496	17,977,345	1,790,443	1,696,107
Payable after 5 years	10,717,896	10,801,568	-	568,743
	43,025,271	38,057,600	3,961,386	3,009,485

30.4 Analysed by interest rate

	GROUP		COMPANY	
As at	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Term loans linked to LIBOR	22,754,139	20,745,234	3,021,168	3,039,684
Term loans linked to AWPLR	9,262,431	8,668,445	-	-
Fixed rate term loans	6,748,290	5,085,146	962,009	-
Term loans linked to EURIBOR	3,842,732	3,530,649	-	-
Term loans linked to T-bill rate	452,070	-	-	-
Term loans linked to MCLR	-	64,904	-	-
Term loans linked to AWDR	-	14,520	-	-
Transaction cost to be amortised	(34,391)	(51,298)	(21,791)	(30,199)
	43,025,271	38,057,600	3,961,386	3,009,485

30.5 Analysed by currency equivalent in Rupees

	GROUP			COMPANY		
As at	31.03.2021		31.03.2020	31.03.2021		31.03.2020
	%	Rs. Equivalent Rs.'000	Rs. Equivalent Rs.'000	%	Rs. Equivalent Rs.'000	Rs. Equivalent Rs.'000
United States dollars	53	22,754,139	20,745,234	76	3,021,168	3,039,684
Sri Lankan rupees	25	10,883,647	8,831,601	24	962,009	-
Euro	19	8,135,348	7,272,330	-	-	-
Omani riyal	3	1,286,528	1,194,829	-	-	-
Indian rupees	-	-	64,904	-	-	-
Transaction cost to be amortised		(34,391)	(51,298)		(21,791)	(30,199)
	100	43,025,271	38,057,600	100	3,961,386	3,009,485

31 Lease liabilities

31.1 Movement during the year

	GROUP	
	2020/2021 Rs.'000	2019/2020 Rs.'000
Balance as at 01st April	11,124,283	-
Recognition on initial application of SLFRS 16- Leases	-	9,034,626
Exchange difference	831,063	731,552
New leases obtained	1,045,033	2,102,223
Payment of lease liabilities	(587,310)	(1,512,695)
Interest expense		
- Charged to the income statement	717,237	685,056
- Capitalised under property, plant and equipment	8	80,474
- Capitalised under biological assets	2,741	3,047
Balance as at 31st March	13,133,055	11,124,283
Current portion of lease liabilities	(1,278,998)	(763,965)
Non-current portion of lease liabilities	11,854,057	10,360,318

31.2 Analysed by capital repayment

	GROUP	
As at	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Payable in less than 3 months	311,651	187,305
Payable within 3- 12 months	967,347	576,660
Payable within 1- 2 years	989,827	739,998
Payable within 2- 5 years	3,448,507	2,598,862
Payable after 5 years	7,415,723	7,021,458
	13,133,055	11,124,283

32 Deferred tax liabilities

32.1 Movement during the year

	GROUP	
	2020/2021 Rs.'000	2019/2020 Rs.'000
Balance as at 01st April	2,358,017	2,283,840
Exchange difference	7,053	4,673
Origination of temporary differences		
Recognised in profit / (loss)	156,556	68,046
Recognised in other comprehensive income	(128,565)	13,234
Recognised in equity	-	(11,776)
Balance as at 31st March	2,393,061	2,358,017

NOTES TO THE FINANCIAL STATEMENTS

32.2 Composition of deferred tax liabilities

	GROUP	
As at	31.03.2021	31.03.2020
	Rs.'000	Rs.'000
Deferred tax liabilities attributable to;		
Accelerated depreciation for tax purposes on property, plant and equipment	2,288,621	1,707,515
Revaluation surplus on freehold land	973,108	1,088,608
Undistributed profits of consolidated entities		-
Financial assets at FVOCI	2	2
Defined benefit obligations	(78,516)	(65,785)
Tax losses carried forward	(744,398)	(334,153)
Expected credit losses	(25,834)	(14,923)
Right-of-use assets	(19,399)	(22,796)
Other items	(523)	(451)
Net deferred tax liabilities	2,393,061	2,358,017

32.3 Movement in tax effect of temporary differences - Group

	As at 31.03.2021	Exchange difference	Recognised in profit / (loss)	Recognised in other comprehensive income	As at 31.03.2020	Exchange difference	Recognised in profit / (loss)	Recognised in other comprehensive income	Recognised in equity	As at 01.04.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax liabilities										
Accelerated depreciation for tax purposes on property, plant and equipment	2,288,621	11,239	569,867	-	1,707,515	9,195	20,742	-	-	1,677,578
Revaluation surplus on freehold land	973,108	-	-	(115,500)	1,088,608	-	-	4,206	-	1,084,402
Financial assets at FVOCI	2	-	-	-	2	-	-	-	-	2
Undistributed profits of consolidated entities	-	-	-	-	-	-	(46,240)	-	-	46,240
	3,261,731	11,239	569,867	(115,500)	2,796,125	9,195	(25,498)	4,206	-	2,808,222
Deferred tax assets										
Defined benefit obligations	(78,516)	(2,437)	2,771	(13,065)	(65,785)	107	(10,132)	9,028	-	(64,788)
Tax losses carried forward	(744,398)	(1,237)	(409,008)	-	(334,153)	(4,080)	125,939	-	-	(456,012)
Expected credit losses	(25,834)	-	(10,911)	-	(14,923)	(21)	(11,774)	-	-	(3,128)
Right-of-use assets	(19,399)	(440)	3,837	-	(22,796)	(531)	(10,489)	-	(11,776)	
Other items	(523)	(72)	-	-	(451)	3	-	-	-	(454)
	(868,670)	(4,186)	(413,311)	(13,065)	(438,108)	(4,522)	93,544	9,028	(11,776)	(524,382)
Net deferred tax liabilities	2,393,061	7,053	156,556	(128,565)	2,358,017	4,673	68,046	13,234	(11,776)	2,283,840

33 Employee benefits

33.1 Retirement benefit obligations

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Present value of unfunded obligations	1,300,212	884,793	98,837	66,214
Total present value of the obligation	1,300,212	884,793	98,837	66,214

33.2 Movement during the year

For the year ended 31st March	GROUP 2020/2021 Rs.'000	GROUP 2019/2020 Rs.'000	COMPANY 2020/2021 Rs.'000	COMPANY 2019/2020 Rs.'000
Balance as at 01st April	884,793	1,010,405	66,214	80,576
Expenses recognised in profit or loss				
Current service cost	156,238	90,493	9,353	5,360
Interest cost	74,834	99,414	6,621	9,266
	231,072	189,907	15,974	14,626
Expenses recognised in other comprehensive income				
Actuarial (gains) / losses arising from;				
- financial assumptions	302,724	(144,905)	30,352	(15,601)
- demographic assumptions	-	(978)	-	-
- experience adjustment	(3,815)	(23,107)	599	(2,541)
	298,909	(168,990)	30,951	(18,142)
Exchange difference	14,622	5,161	-	-
Others				
Benefits paid	(129,184)	(151,690)	(14,302)	(10,846)
Balance as at 31st March	1,300,212	884,793	98,837	66,214

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd as at 31st March 2021. The actuarial present value of the promised retirement benefits as at 31st March 2021 amounted to Rs. 1,300,212,113/- (Company- Rs. 98,836,637/-). The liability is not externally funded.

33.3 Actuarial assumptions

The principal actuarial assumptions used in determining the cost are given below;

33.3.1 Financial assumptions

	2021 2020/2021	2020 2019/2020
Discount rate	8.2% p.a.	10.0% p.a.
Long term salary increments		
- Executive staff	8.0% in July 2021 with 11.0% p.a. from 2022	5.0% in July 2021 with 7.5% p.a. from 2022
- Non Executive and other staff	7.5% p.a.	5.0% in July 2021 with 7.5% p.a. from 2022.

It is also assumed that the company will continue in business as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

Discount rate

In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 8.2% p.a. (2019/20 – 10.0% p.a.) has been used to discount future liabilities considering the yield available on long term government bonds with a tenure equivalent to the average future working life of the employees.

Long term salary increments

Based on the actual salary increment rates of the Group over the past few years and the future economic outlook of the country, an increase in the long term salary increment rate is factored into the valuation for the current year.

33.3.2 Demographic assumptions

	2020/2021	2019/2020
- Mortality and Disability	A 1967/70 mortality table, issued by the Institute of Actuaries, London	
- Retirement age	55 years	55 years
- Staff turnover rates at each age category		
* 20 years	0.07	0.07
* 25 years	0.05	0.05
* 30 years	0.05	0.05
* 35 years	0.04	0.04
* 40 years	0.03	0.03
* above 40 years	0.00	0.00

33.4 Sensitivity analysis

The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the liability in the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year.

	GROUP		COMPANY	
As at	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Discount rate				
- 1% increase	(93,588)	(52,142)	(8,331)	(3,939)
- 1% decrease	107,770	59,158	9,638	4,443
Long term salary increments				
- 1% increase	107,921	54,792	9,516	4,013
- 1% decrease	(95,521)	(49,164)	(8,395)	(3,618)

33.5 Maturity analysis of the payments

The following payments are expected on defined benefit obligations in future years.

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Within next 12 months	74,203	73,502	4,257	9,838
Between 1- 2 years	180,980	133,659	12,104	13,691
Between 2- 5 years	238,893	184,027	22,850	10,899
Beyond 5 years	806,136	493,605	59,626	31,786
	1,300,212	884,793	98,837	66,214
Weighted average duration (years) of define benefit obligation	9.41	8.11	9.72	6.87

34 Other liabilities

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000
Amounts due to equity-accounted investees	390,293	386,274
	390,293	386,274

35 Trade and other payables

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Trade payables	3,327,751	4,097,245	-	-
Contract liabilities	1,825,443	1,834,083	-	-
Accrued payables	2,533,753	2,800,271	46,256	149,369
Other payables	3,518,484	3,742,017	226,051	278,944
Indirect taxes payable	354,807	283,163	395	395
Deposits payable	396,769	353,373	-	-
Amounts due to subsidiaries	-	-	6,137,755	6,573,734
Amounts due to equity-accounted investees	215,142	142,031	122,409	63,218
Unclaimed dividends	32,675	29,216	32,675	29,216
	12,204,824	13,281,399	6,565,541	7,094,876

36 Other financial liabilities

Other financial liabilities includes derivative financial liabilities, which arise due to the negative movement in fair value of foreign exchange forward contracts. As at the reporting date, there were no outstanding foreign exchange forward contracts, for derivative assets or liabilities to be recognised.

36.1 Net capital exposure of forward foreign exchange contracts

As at	GROUP 31.03.2021 USD.'000	GROUP 31.03.2020 USD.'000	COMPANY 31.03.2021 USD.'000	COMPANY 31.03.2020 USD.'000
Net capital exposure	-	6,000	-	5,500

NOTES TO THE FINANCIAL STATEMENTS

36.2 Derivative financial liability

As at	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Derivative financial liability recognised	-	30,005	-	27,275
	-	30,005	-	27,275

37 Financial instruments - accounting classifications, fair values and cash flow hedge

37.1 Financial instruments - accounting classifications and fair values

The following tables summarises the carrying and fair values of financial assets and financial liabilities of the Group and the Company.

37.1.1 Accounting classifications and fair values of financial instruments - Group

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000	
As at 31st March 2021								
Financial assets								
Trade and other receivables	25	-	-	13,614,747	298,503	13,913,250	13,913,250	*(a)*
Deposits and prepayments		-	-	180,372	1,020,998	1,201,370	1,201,370	*(a)*
Other financial assets	23 & 26							
- Unquoted equity securities and debt securities		-	200,797	64,075	-	264,872	264,872	
- Quoted equity securities		51,911	-	-	-	51,911	51,911	
- Government securities		-	-	593,398	-	593,398	593,398	
- Bank deposits		-	-	13,218,490	-	13,218,490	13,218,490	
- Amounts due from equity-accounted investees		-	-	567,725	-	567,725	567,725	
Cash and short-term deposits	27	-	-	7,978,916	-	7,978,916	7,978,916	*(a)*
		51,911	200,797	36,217,723	1,319,501	37,789,932	37,789,932	
Financial liabilities								
Interest-bearing loans and borrowings	30	-	-	43,025,271	-	43,025,271	43,025,271	
Lease liabilities	31	-	-	13,133,055	-	13,133,055	13,133,055	
Trade and other payables	35	-	-	7,084,324	5,120,500	12,204,824	12,204,824	*(a)*
Bank overdrafts and other short-term borrowings	27	-	-	15,082,668	-	15,082,668	15,082,668	*(a)*
		-	-	78,325,318	5,120,500	83,445,818	83,445,818	

	Notes	Fair value through profit or loss	Fair value through OCI	Amortised cost	Non - financial instruments	Total carrying amount	Fair value	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
As at 31st March 2020								
Financial assets								
Trade and other receivables	25	-	-	14,673,030	1,022,515	15,695,545	15,695,545	*(a)*
Deposits and prepayments		-	-	158,580	1,525,681	1,684,261	1,684,261	*(a)*
Other financial assets	23 & 26							
- Unquoted equity securities and debt securities		-	194,660	60,939	-	255,599	255,599	
- Quoted equity securities		71,261	-	-	-	71,261	71,261	
- Government securities		-	-	193,629	-	193,629	193,629	
- Bank deposits		-	-	10,563,160	-	10,563,160	10,563,160	
- Amounts due from equity-accounted investees		-	-	567,725	-	567,725	567,725	
Cash and short-term deposits	27	-	-	6,594,267	-	6,594,267	6,594,267	*(a)*
		71,261	194,660	32,811,330	2,548,196	35,625,447	35,625,447	
Financial liabilities								
Interest-bearing loans and borrowings	30	-	-	38,057,600	-	38,057,600	38,057,600	
Lease liabilities	31	-	-	11,124,283	-	11,124,283	11,124,283	
Trade and other payables	35	-	-	8,614,623	4,666,776	13,281,399	13,281,399	*(a)*
Other financial liabilities								
- Derivative financial liability	36	30,005	-	-	-	30,005	30,005	
Bank overdrafts and other short-term borrowings	27	-	-	12,866,086	-	12,866,086	12,866,086	*(a)*
		30,005	-	70,662,592	4,666,776	75,359,373	75,359,373	

(a) Carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values.

NOTES TO THE FINANCIAL STATEMENTS

37.1.2 Accounting classifications and fair values of financial instruments - Company

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000	
As at 31st March 2021								
Financial assets								
Trade and other receivables	25	-	-	3,950,276	1,340	3,951,616	3,951,616	*(a)*
Deposits and prepayments		-	-	488	83,609	84,097	84,097	*(a)*
Other financial assets	23 & 26							
- Unquoted equity securities and debt securities		-	16,923	9,058	-	25,981	25,981	
- Quoted equity securities		30,066		-	-	30,066	30,066	
- Government securities		-	-	593,398	-	593,398	593,398	
- Bank deposits		-	-	11,736,964	-	11,736,964	11,736,964	
Cash and short-term deposits	27	-	-	2,404,940	-	2,404,940	2,404,940	*(a)*
		30,066	16,923	18,695,124	84,949	18,827,062	18,827,062	
Financial liabilities								
Interest-bearing liabilities	30	-	-	3,961,386	-	3,961,386	3,961,386	
Trade and other payables	35	-	-	6,316,168	249,373	6,565,541	6,565,541	*(a)*
Bank overdrafts and other short-term borrowings	27	-	-	8,220,397	-	8,220,397	8,220,397	*(a)*
		-	-	18,497,951	249,373	18,747,324	18,747,324	

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000	
As at 31st March 2020								
Financial assets								
Trade and other receivables	25	-	-	3,944,672	2,498	3,947,170	3,947,170	*(a)*
Deposits and prepayments		-	-	488	96,494	96,982	96,982	*(a)*
Other financial assets	23 & 26							
- Unquoted equity securities and debt securities		-	21,654	12,634	-	34,288	34,288	
- Quoted equity securities		42,061		-	-	42,061	42,061	
- Government securities		-	-	193,629	-	193,629	193,629	
- Bank deposits		-	-	9,892,822	-	9,892,822	9,892,822	
Cash and short-term deposits	27	-	-	1,478,385	-	1,478,385	1,478,385	*(a)*
		42,061	21,654	15,522,630	98,992	15,685,337	15,685,337	
Financial liabilities								
Interest-bearing liabilities	30	-	-	3,009,485	-	3,009,485	3,009,485	
Trade and other payables	35	-	-	6,720,821	374,055	7,094,876	7,094,876	*(a)*
Other financial liabilities								
- Derivative financial liability	36	27,275	-	-	-	27,275	27,275	
Bank overdrafts and other short-term borrowings	27	-	-	7,091,516	-	7,091,516	7,091,516	*(a)*
		27,275	-	16,821,822	374,055	17,223,152	17,223,152	

(a) Carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values.

37.2 None of the financial assets are pledged as security for facilities obtained by the Group or Company from banks as at 31st March 2021. (Group and Company 2019/2020-nil).

37.3 Cash flow hedge

During 2017/2018 a subsidiary company in the group designated a hedge relationship between its highly probable EURO denominated sales and its foreign currency denominated borrowings.

The risk management objective of this cash flow hedge is to hedge the risk of variation in the foreign currency exchange rates associated with EURO currency denominated forecasted sales.

The risk management strategy is to use the foreign currency variability (gains /losses) arising from the revaluation of foreign currency borrowing due to the changes in spot foreign exchange rates to off-set the variability due to foreign exchange rate movements, on LKR conversion of EURO denominated forecasted sales.

The effective portion of the gain or loss on the hedging instrument is recognised in the Other Comprehensive Income Statement (OCI) and any ineffective portion is recognised immediately in the Income Statement.

The amount recognised in Other Comprehensive Income is transferred to the Income Statement when the hedge transaction occurs (when the forecasted revenue is realised). If the forecasted transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Income Statement.

Cash flow hedge reserve reflects the effective portion of the gain or loss on the hedging instrument. The cash flow hedging reserve as at 31st March 2021 represents the foreign currency variability arising from the revaluation of foreign currency borrowings due to the changes in spot LKR/EUR exchange rate that is expected be set off from the variability of exchange rates of highly probable EURO denominated sales (namely “All Inclusive” apartment revenue) expected to occur from 1st quarter of 2017/18 up to the tenor of refinanced borrowings.

Hedging instrument- Out of the foreign currency borrowing of EURO 40.0 million in January 2017, EURO 34.1 million is designated for the hedge from April 2017.

Further, the outstanding balance of the borrowing of EURO 32.6 million as at 31st March 2018 was refinanced effective from the 1st quarter of 2018/19 for an extended tenor.

Hedged item – Highly probable EURO denominated sales (Named “All Inclusive” apartment revenue) expected to occur from April 2017 to March 2029.

During the year the effective portion of the hedging instrument being a loss of Rs. 712.6 million (2019/2020- loss of Rs. 291.5 million) was recognised in the other comprehensive income statement (OCI) and the ineffective portion of Rs. 27.7 million relating to current financial year (2019/2020- loss of Rs. 10.2 million) and Rs. 9.0 million relating to future periods were recognised in the income statement under net foreign exchange gain/ (loss) in other operating income.

In respect of the cash flow hedge instrument, Group recognised Rs. 915.6 million (2019/2020- Rs. 597.1 million) under cash flow hedge reserve being the Group’s portion of the fair value loss recognised by the subsidiary.

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.

NOTES TO THE FINANCIAL STATEMENTS

38.1.1 Fair value measurement hierarchy - Group

	As at 31st March 2021				As at 31st March 2020			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Recurring fair value measurements								
Assets measured at fair value :								
Property, plant and equipment								
- Freehold land	-	-	12,497,069	12,497,069	-	-	12,386,141	12,386,141
Other financial assets								
- Unquoted equity securities	-	166,449	34,348	200,797	-	158,187	36,473	194,660
- Quoted equity shares	51,911	-	-	51,911	71,261	-	-	71,261
	51,911	166,449	12,531,417	12,749,777	71,261	158,187	12,422,614	12,652,062
Assets for which fair values are disclosed :								
Investment property								
- Freehold land	-	-	2,568,300	2,568,300	-	-	2,568,300	2,568,300
Other financial assets								
- Unquoted debt securities	-	64,075	-	64,075	-	60,939	-	60,939
- Government securities	-	593,398	-	593,398	-	193,629		193,629
- Bank deposits	-	13,218,490	-	13,218,490	-	10,563,160	-	10,563,160
	-	13,875,963	2,568,300	16,444,263	-	10,817,728	2,568,300	13,386,028
Liabilities measured at fair value :								
Other financial liabilities								
- Derivative financial liability	-	-	-	-	-	30,005	-	30,005
	-	-	-	-	-	30,005	-	30,005
Liabilities for which fair values are disclosed :								
Interest-bearing liabilities	-	43,025,271	-	43,025,271	-	38,057,600	-	38,057,600
	-	43,025,271	-	43,025,271	-	38,057,600	-	38,057,600
Non-recurring fair value measurements								
Assets classified as held for sale	-	-	1,243,219	1,243,219	-	-	1,189,650	1,189,650
	-	-	1,243,219	1,243,219	-	-	1,189,650	1,189,650

38.1.2 Fair value measurement hierarchy - Company

	As at 31st March 2021				As at 31st March 2020			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Recurring fair value measurements								
Assets measured at fair value :								
Other financial assets								
- Unquoted equity securities	-	-	16,923	16,923	-	-	21,654	21,654
- Quoted equity securities	30,066	-	-	30,066	42,061	-	-	42,061
	30,066	-	16,923	46,989	42,061	-	21,654	63,715
Assets for which fair values are disclosed :								
Investment property								
- Freehold land & building	-	-	6,519,608	6,519,608	-	-	6,519,608	6,519,608
Other financial assets								
- Unquoted debt securities	-	9,058	-	9,058	-	12,634	-	12,634
- Government securities	-	593,398	-	593,398	-	193,629	-	193,629
- Bank deposits	-	11,736,964	-	11,736,964	-	9,892,822	-	9,892,822
	-	12,339,420	6,519,608	18,859,028	-	10,099,085	6,519,608	16,618,693
Liabilities measured at fair value :								
Other financial liabilities								
- Derivative financial liability	-	-	-	-	-	27,275	-	27,275
	-	-	-	-	-	27,275	-	27,275
Liabilities for which fair values are disclosed :								
Interest-bearing liabilities	-	3,961,386	-	3,961,386	-	3,009,485	-	3,009,485
	-	3,961,386	-	3,961,386	-	3,009,485	-	3,009,485
Non-recurring fair value measurements								
Assets classified as held for sale	-	-	72,237	72,237	-	-	72,237	72,237
	-	-	72,237	72,237	-	-	72,237	72,237

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38.2 Reconciliation of fair value measurement of "Level 3" financial instruments

	GROUP		COMPANY
	Unquoted equity securities	Freehold land	Unquoted equity securities
	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2019	38,443	15,558,415	23,901
Exchange difference	-	195,955	-
Total gains and losses recognised in other comprehensive income			
- Net change in fair value (unrealised)	(1,970)	-	(2,247)
Balance as at 31st March 2020	36,473	15,754,370	21,654
Exchange difference	-	286,746	-
Total gains and losses recognised in other comprehensive income			
- Net change in fair value (unrealised)	(2,125)	-	(4,731)
Balance as at 31st March 2021	34,348	16,041,116	16,923

38.2.1 Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

38.3 Valuation techniques and significant unobservable inputs

The following tables summarises the valuation techniques used by the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used for the valuation.

38.3.1 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 (Refer note 15.3.1)	• Estimated fair value would increase (decrease) if ; - Price per perch increases (decreases).
Other financial assets			
• Unquoted equity securities	• Net assets basis	• Carrying value of assets and liabilities adjusted for market participant assumptions.	• Variability of inputs are insignificant to have an impact on fair values.
	• Market return on a comparable investment	• Recent sale price of INR 55/- per share.	• Not applicable.

Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Derivative financial assets / liabilities			
• Forward foreign exchange contracts	• Market comparison technique The fair values are based on quotes from banks and reflect the actual transactions of similar instruments.	• Forward exchange rates as at reporting date.	• Not applicable.

38.3.2 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 (Refer note 16.2)
Other financial assets		
• Unquoted debt securities	• Discounted cash flows	• Current market interest rates linked to AWPLR.
• Other bank deposits		• Current market interest rates (Refer note 39.3.2 for an analysis of credit rating of other bank deposits).
Interest-bearing liabilities	• Discounted cash flows	• Current market interest rates (Refer note 30.5).

38.3.3 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 carrying amount prior to the asset being classified as held for sale. • Valued at the cash available with the disposal group held for sale.	Not applicable.

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39 Financial risk management objectives and policies

Please refer the comprehensive risk management report on pages 207 to 214 of the annual report for a detailed description of the Group's risk management structure, process and procedures.

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 the values of financial instruments. Fluctuations in value could result in a situation undesirable to the Group and expose 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.

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.

39.1 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 shareholders. In order to identify, manage and minimise the market risk, the Group has put into practice a number of policies and procedures.

39.1.1 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. 30.9 billion. 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 transactions with assets or liabilities. Hedge accounting enables to minimise the timing differences in recognizing any foreign currency translation impact to the income statement or other comprehensive income statement and to effectively capture the economic substance of the transaction.

The Group has been closely monitoring the impact of the COVID-19 pandemic on the exchange rates and its exposure to currency risk arising from the unanticipated fluctuations aftermath of the outbreak. Risk management strategies are formulated taking into consideration of revised foreign currency denominated cashflow forecasts and aligning with recovery strategies employed by the Group. Attention also given to measures taken by the regulatory bodies to manage the exchange rates.

Significant movement in exchange rates during the year ended 31st March 2021

	Lowest Level		Highest Level		Spread	Year end rate
	Rate	Date	Rate	Date		
USD/LKR	182.92	14.08.2020	199.83	31.03.2021	16.91	199.83
EUR/LKR	202.37	26.05.2020	239.64	25.01.2021	37.27	234.34
EUR/USD	1.0777	24.04.2020	1.2341	07.01.2021	0.1564	1.1727

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 impact of the currency risk on financial instruments a 5% fluctuation in the USD/LKR and EUR/LKR exchange rates are assumed based on the observable trend in the market. 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			Effect on equity
	USD net financial assets / (liabilities)	USD forward contracts	EUR net financial assets / (liabilities)	
	USD '000	USD '000	EUR '000	USD '000
As at 31st March 2021				
Net exposure	64,765	-	(33,086)	129,415
LKR depreciates by 5% (Rs. '000)	647,097	-	(387,671)	1,293,051
LKR appreciates by 5% (Rs. '000)	(647,097)	-	387,671	(1,293,051)
As at 31st March 2020				
Net exposure	60,888	(6,000)	(29,691)	155,610
LKR depreciates by 5% (Rs. '000)	578,164	(56,208)	(310,898)	1,477,598
LKR appreciates by 5% (Rs. '000)	(578,164)	56,208	310,898	(1,477,598)

The effect on the equity arises from the investments made by the Group in the Maldives, India, Oman, Fiji and Myanmar. We have not accounted for the sensitivity arising in any of the other investments as the Group's exposure to such is not significant.

Company

	Effect on profit before tax	
	USD net financial assets / (liabilities)	USD forward contracts
	USD '000	USD '000
As at 31st March 2021		
Net exposure	49,795	-
LKR depreciates by 5% (Rs. '000)	497,531	-
LKR appreciates by 5% (Rs. '000)	(497,531)	-
As at 31st March 2020		
Net exposure	36,877	(5,500)
LKR depreciates by 5% (Rs. '000)	350,165	(51,524)
LKR appreciates by 5% (Rs. '000)	(350,165)	51,524

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39.1.2 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 cash flows 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 which are subject to interest rate risk. Liabilities with variable interest rates such as AWPLR and LIBOR linked borrowings would expose the Group to cashflow risk as the amount of interest paid would change depending on the changes in market interest rates. Investments with fixed interest rates would expose the Group to variations in fair values during the marking to market of portfolios. Suitable strategies are used by the Group treasury to manage the interest rate risks in portfolio investments. The use of long term interest rate forecasts 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.

COVID-19 has necessitated easing of monetary policies to facilitate the recovery across most economies. However, the volatility in interest rates remains high due the scale of the economic impact caused by the pandemic. The Group has been closely monitoring these developments and devising strategies to ward off any adverse effect caused in the form of interest rate risk.

Significant movement in interest rates during the year ended 31st March 2021

	Lowest Level		Highest Level		Spread	Year end rate
	Rate %	Period	Rate %	Period	(basis points)	%
LKR Interest rate (Weekly AWPLR)	5.54	Mar-21	9.49	Apr-20	395	5.75
USD Interest rate (Three months USD LIBOR)	0.175	Feb-21	1.436	Apr-20	126	0.194

Interest rate sensitivity

At the reporting date the interest rate sensitivity analysis of interest-bearing financial instruments of the Group and Company are given below. Impact of reasonably possible movement in interest rate on profit before tax calculated with all other variables held constant.

Group

	31.03.2021			31.03.2020		
	Exposure	Impact on profit before tax		Exposure	Impact on profit before tax	
		Decrease of 100 basis points in LKR interest rates	Increase of 100 basis points in LKR interest rates		Decrease of 100 basis points in LKR interest rates	Increase of 100 basis points in LKR interest rates
LKR financial liabilities (Rs.'000)	**9,714,501**	**97,145**	**(97,145)**	8,682,964	86,830	(86,830)
		Decrease of 10 basis points in USD interest rates	Increase of 10 basis points in USD interest rates		Decrease of 10 basis points in USD interest rates	Increase of 10 basis points in USD interest rates
USD financial liabilities (In equivalent Rs.'000)	**22,754,139**	**22,754**	**(22,754)**	20,745,235	20,745	(20,745)

Company

	31.03.2021			31.03.2020		
	Exposure	Impact on profit before tax		Exposure	Impact on profit before tax	
		Decrease of 10 basis points in USD interest rates	Increase of 10 basis points in USD interest rates		Decrease of 10 basis points in USD interest rates	Increase of 10 basis points in USD interest rates
USD financial liabilities (In equivalent Rs.'000)	**3,021,168**	**3,021**	**(3,021)**	3,039,683	3,040	(3,040)

39.1.3 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, IFRS 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 the financial statements.

At the reporting date the carrying value of equity investments are as follows;

- Quoted equity securities: Rs. 51.9 million (as at 31.03.2020; Rs. 71.3 million)
- Unquoted equity securities: Rs. 200.8 million (as at 31.03.2020; Rs. 194.7 million)

A sensitivity analysis of the above has not been carried out as the Group's exposure to such is not material.

39.2 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.

Liquidity management in response to COVID-19

The Group took cognizance of the reality that preservation of capital is of utmost importance during the business downturn resulting from the pandemic and took necessary action to ensure that there is sufficient liquidity available for its operational requirements. Several important decisions were made in this regard affecting both the short- and long-term business horizons.

- All non-essential capital expenditure was put on hold for the first six months of the year until there was better visibility about the future. During the second half some of those decisions were reviewed although the Group did not incur any large-scale capital expenditure during the year except on on-going projects.
- Managing receivables was the focus of the Group Supervisory Board and the senior management which ensured that working capital levels of the Group remained strong despite the business downturn.
- The Group also negotiated new working capital as well as term funding lines from financial institutions at very favourable interest rates. The availability of approved but unutilized funding facilities was a comfort factor during this period.
- The Group under normal business conditions generates a high volume of foreign exchange through its operations although the pandemic affected this key aspect of the revenue. Therefore, retaining foreign exchange reserves was also a focus area as it is vital to meet future investment and liquidity requirements of the Group.
- Under a directive from regulatory authorities, financial institutions offered a debt moratorium for interest and capital for COVID-19 affected businesses. The Group, especially the Tourism sector, made the use of this concession by obtaining moratoriums for borrowings which resulted positively in improving the working capital.

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The table below summarises the maturity analysis of the Group's financial liabilities based on contractual payments.

Group

As at 31st March 2021	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest-bearing loans and borrowings	-	420,972	3,693,805	7,618,102	20,574,496	10,717,896	43,025,271
Lease liabilities	-	311,651	967,347	989,827	3,448,507	7,415,724	13,133,055
Trade and other payables	3,989,510	846,951	2,247,863	-	-	-	7,084,324
Bank overdrafts and other short-term borrowings	15,082,668	-	-	-	-	-	15,082,668
	19,072,178	1,579,575	6,909,014	8,607,929	24,023,003	18,133,620	78,325,318

As at 31st March 2020	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest-bearing loans and borrowings	-	731,065	2,626,125	5,921,497	17,977,345	10,801,568	38,057,600
Lease liabilities	-	187,305	576,660	739,998	2,598,862	7,021,458	11,124,283
Trade and other payables	3,393,735	932,578	4,288,310	-	-	-	8,614,623
Bank overdrafts and other short-term borrowings	12,866,086	-	-	-	-	-	12,866,086
	16,259,821	1,850,948	7,491,095	6,661,495	20,576,207	17,823,026	70,662,592

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments.

Company

As at 31st March 2021	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest-bearing loans and borrowings	-	150,289	968,874	1,051,780	1,790,444	-	3,961,386
Trade and other payables	6,273,339	198	42,631				6,316,168
Bank overdraft and other short-term borrowings	8,220,397	-	-	-	-	-	8,220,397
	14,493,736	150,487	1,011,505	1,051,780	1,790,444	-	18,497,951

As at 31st March 2020	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest-bearing loans and borrowings	-	149,369	33,257	562,009	1,696,107	568,743	3,009,485
Trade and other payables	6,582,343	-	138,478	-	-	-	6,720,821
Bank overdraft and other short-term borrowings	7,091,516	-	-	-	-	-	7,091,516
	13,673,859	149,369	171,735	562,009	1,696,107	568,743	16,821,822

Liquidity position

For the year ended 31st March	GROUP 31.03.2021 Rs.'000	GROUP 31.03.2020 Rs.'000	COMPANY 31.03.2021 Rs.'000	COMPANY 31.03.2020 Rs.'000
Cash and short-term deposits	7,978,916	6,594,267	2,404,940	1,478,385
Trade and other receivable within 30 days	5,221,317	3,683,470	3,950,276	3,944,672
Short Term deposit	13,811,888	10,756,789	12,330,362	10,086,451
Total Liquid assets	27,012,121	21,034,526	18,685,578	15,509,508
Less:				
Bank overdraft and other short term borrowing	15,082,668	12,866,086	8,220,397	7,091,516
On demand trade and other payables	3,989,510	3,393,735	6,273,339	6,582,343
Total on demand liabilities	19,072,178	16,259,821	14,493,736	13,673,859
Excess liquidity through operating cycle	7,939,943	4,774,705	4,191,842	1,835,649
Undrawn approved bank facilities	17,680,270	10,264,107	8,740,390	5,038,278
Liquidity available on demand	17,680,270	10,264,107	8,740,390	5,038,278

39.3 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 financing 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.

	GROUP				COMPANY			
	31.03.2021		31.03.2020		31.03.2021		31.03.2020	
	Rs.'000	Concentration %	Rs.'000	Concentration %	Rs.'000	Concentration %	Rs.'000	Concentration %
Trade and other receivables	13,614,747	37.33	14,673,030	44.36	3,950,276	21.08	3,944,672	25.31
Deposits and prepayments	180,372	0.49	158,580	0.48	488	0.00	488	0.00
Other financial assets								
- Unquoted debt securities and equity securities	264,872	0.73	255,599	0.77	25,981	0.14	34,288	0.22
- Quoted equity securities	51,911	0.14	71,261	0.22	30,066	0.16	42,061	0.27
- Government securities	593,398	1.63	193,629	0.59	593,398	3.17	193,629	1.24
- Bank deposits	13,218,490	36.24	10,563,160	31.93	11,736,964	62.62	9,892,822	63.47
- Amounts due from equity-accounted investees	567,725	1.56	567,725	1.72	-	-	-	-
Cash and short-term deposits	7,978,916	21.88	6,594,267	19.94	2,404,940	12.83	1,478,385	9.49
	36,470,431	100.00	33,077,251	100.00	18,742,113	100.00	15,586,345	100.00

The Board of Directors has provided the policy direction for the Group treasury to manage the risk arising from investments made in financial institutions. The Group's transactions are carried out only with a limited number of institutions all of which have stable credit ratings from internationally recognised rating providers. The Group's exposures and credit ratings of counterparties are continuously monitored and the investment portfolio is diversified amongst several institutions to minimise the unsystematic risk.

Expected credit loss assessment

The Group adopted Expected Credit Loss (ECL) approach for the impairment of its financial assets. This enables better credit risk reporting of financial instruments by carrying reasonably quantified default risk adjusted value of assets in the balance sheet and minimising the timing difference in recognition of future default loss.

ECL measurement approach that is best suited for each class of asset is determined based on underlying risk characteristics of the asset. Subsequent to selection between general and simplified approaches to measurement, the Group assesses financial assets using data that is determined to be predictive of default risk, including but not limited to external ratings, historical payment patterns, audited financial statements, cash flow projections. Group companies apply experienced credit judgement taking in to account qualitative and quantitative factors that are indicative of the risk of default. Scalar

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macroeconomic factor adjustments such as GDP forecast, also incorporated to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected recovery period.

The Group continue to evaluate its approach to measurement of ECL in the light of the COVID-19 pandemic, as the consequent unexpected deterioration in credit quality of loan portfolios (financial institutions) and trade receivables (non-financial institutions), will have a significant impact on the ECL measurement. The Group considered all reasonable and supportable information available without undue cost or effort at the reporting date as well as practical expedients made available. Economic Factor Adjustment (EFA) and Probability of Default (PD) updated to reflect the impact of COVID-19 in measuring ECL while Loss Given Default (LGD) was used without modification. The Group also assessed it financial instruments for Significant Increase in Credit Risk (SICR) with available, reasonable and supportable information including economic support and relief measures provided to counterparties.

The following table presents an analysis of ECL measurement basis across financial assets classified at amortised cost including carrying values and impairment recognised for the Group.

Group

	31.03.2021					31.03.2020	
	Carrying amount	Impairment recognised				Carrying amount	Impairment recognised
		12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade and other receivables	13,614,747	-	(52,065)	(422,830)	(474,895)	14,673,030	(329,779)
Deposits and prepayments	180,372	-	-	-	-	158,580	-
Other financial assets							
- Unquoted debt securities	64,075	(3,317)	-	-	(3,317)	60,939	(11,711)
- Government securities	593,398	(12,611)	-	-	(12,611)	193,629	-
- Bank deposits	13,218,490	(212)	-	-	(212)	10,563,160	(8,514)
- Amounts due from equity-accounted investees	567,725	-	-	-	-	567,725	-
Cash and short-term deposits	7,978,916	-	-	-	-	6,594,267	-
	36,217,723	(16,140)	(52,065)	(422,830)	(491,035)	32,811,330	(350,004)

Movement in ECL allowance during the financial year

Group

	Trade and other receivables	Other financial assets		
		Unquoted debt securities	Government securities	Bank deposits
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2019	(179,973)	(8,108)	(743)	(2,573)
Exchange difference/direct write-offs	8,955	-	-	-
Net impairment during the year	(158,761)	(3,603)	743	(5,941)
Balance as at 31st March 2020	(329,779)	(11,711)	-	(8,514)
Exchange difference/direct write-offs	(2,478)	-	-	-
Net impairment during the year	(142,638)	8,394	(12,611)	8,302
Balance as at 31st March 2021	(474,895)	(3,317)	(12,611)	(212)

The following table present an analysis of ECL measurement basis across financial assets classified at amortised cost including carrying values and impairment recognised for the Company.

Company

	31.03.2021					31.03.2020	
	Carrying amount	Impairment recognised				Carrying amount	Impairment recognised
		12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade and other receivables	3,950,276	-	(65,536)	(141,267)	(206,803)	3,944,672	(206,803)
Deposits and prepayments	488	-	-	-	-	488	-
Other financial assets							
- Unquoted debt securities	9,058	-	-	-	-	12,634	-
- Government securities	593,398	(12,611)	-	-	(12,611)	193,629	-
- Bank deposits	11,736,964	(208)	-	-	(208)	9,892,822	(8,500)
Cash and short-term deposits	2,404,940	-	-	-	-	1,478,385	-
	18,695,124	(12,819)	(65,536)	(141,267)	(219,622)	15,522,630	(215,303)

Movement in ECL allowance during the financial year

Company

	Trade and other receivables	Other financial assets	
		Government securities	Bank deposits
	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2019	(232,276)	(743.18)	(2,573)
Exchange difference/direct write-offs	25,473	-	-
Net impairment during the year	-	743	(5,927)
Balance as at 31st March 2020	(206,803)	-	(8,500)
Net impairment during the year	-	(12,611)	8,292
Balance as at 31st March 2021	(206,803)	(12,611)	(208)

39.3.1. Trade receivables

Trade receivables consist of recoverables from a large number of customers spread across diverse industries, segments and geographies. 81.1% 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.

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Apart from the state-owned enterprise which is the largest customer of the Strategic Investments sector, the Group does not have a significant credit risk exposure to any other single counterparty. Concentration of credit risk of the state-owned enterprise is 57.5% of total trade receivables of the Group as at 31st March 2021.

Trade receivable settlement profile

	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Less than 30 days	4,771,703	3,683,470
More than 30 days but less than 60 days	2,849,277	4,925,189
More than 60 days but less than 90 days	1,349,777	623,297
More than 90 days but less than 180 days	1,409,610	2,328,516
More than 180 days but less than 365 days	278,477	482,876
More than 365 days	396,180	166,892
Total Gross Trade Receivables	11,055,024	12,210,240
Impairment proviosn for trade receivables		
- Lifetime ECL- not credit impaired	(52,065)	(139,860)
- Lifetime ECL- credit impaired	(396,180)	(166,892)
Total net trade receivables	10,606,779	11,903,488

The Group uses an allowance matrix to measure the ECLs of trade receivables, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Loss rates that are based on actual credit loss experience over the past years, further subjected to asset correlation calibration and forward-looking adjustments. Loss Given Default (LGD) of 100% is assumed for ECL calculation of trade receivables.

Collateral acquired for mitigating credit risk

The Group whenever possible, does not offer credit to individuals unless collateral in the form of unconditional and irrevocable bank guarantees that can be encashed on demand or advances are provided to cover the receivable. The Group focuses on quality and the realizability of such collateral to mitigate potential credit losses.

39.3.2. Bank deposits

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				COMPANY			
	31.03.2021		31.03.2020		31.03.2021		31.03.2020	
	Amount of deposits Rs.'000	Concentration %	Amount of deposits Rs.'000	Concentration %	Amount of deposits Rs.'000	Concentration %	Amount of deposits Rs.'000	Concentration %
AAA	313,077	2.4	20,353	0.2	-	-	-	-
AA+	-	-	4,874,265	46.1	-	-	4,810,623	48.6
AA	-	-	30,865	0.3	-	-	-	-
AA-	10,467,712	79.2	3,720,893	35.2	10,086,787	85.9	3,674,800	37.1
A+	556,576	4.2	432,432	4.1	556,576	4.7	432,432	4.4
A	1,093,809	8.3	-	-	1,093,809	9.3	-	-
A-	-	-	983,471	9.3	-	-	983,471	9.9
BBB	-	-	509,398	4.8	-	-	-	-
BB-	787,528	6.0	-	-	-	-	-	-
Total gross carrying amount	13,218,702	100.0	10,571,676	100.0	11,737,172	100.0	9,901,325	100.0
Impairment of bank deposits	(212)		(8,514)		(208)		(8,500)	
Total net carrying amount	13,218,489		10,563,162		11,736,964		9,892,825	

Impairment on bank deposits is measured on 12-month expected loss basis. External credit ratings of the counterparties and probability of default (PD) rates corresponding rating scale published by rating agencies are used in ECL calculation. PD rates are recalibrated using asset correlation formula and forward-looking adjustments are incorporated in arriving at final loss rates. Loss given default (LGD) of 45% is assumed for bank deposits. Credit ratings of counterparties are carefully monitored and subsequent deterioration of the credit quality would trigger remeasurement of loss allowances using Lifetime ECL method.

40 Financial capital management

Main objectives of the Group's financial capital management policy are as follows.

- Ensuring the availability of adequate capital for long term investments and growth of the business.
- Maintaining an adequate liquidity buffer for business operations.
- Sustaining the financial health of the Group to withstand economic cycles; and,
- Maintaining stakeholder confidence in the Group.

When capital is not available in adequate quantities or at a reasonable cost, it can have an adverse impact on the performance of the Group. The management being conscious of these factors, has implemented the capital management policy to ensure the long-term sustainability and competitiveness of the Group. Ensuring that there is no idle capital which will act as a drag on the returns generated is another factor that is considered. Excessive capital invested in a business will have a dampening impact on the performance while insufficient level of capital will prevent an organisation from achieving its long-term objectives.

40.1 Types of financial capital

Financial capital of the Group consists of two components; namely equity and debt. The equity capital consists of the stated capital, retained earnings and reserves while the debt capital is made up of the long-term and short-term debt. The debt capital is sourced from lending institutions and capital markets. Although the Group raises debt capital often, it has not raised new equity capital from shareholders for several years.

The Group regularly estimates its future capital requirements by evaluating new investments and expansion needs and other uses of capital. Such analysis would highlight shortfalls in available capital which would be raised through either the issue of new equity or debt. The debt to equity ratio (defined as the ratio between non-current interest-bearing borrowings to the total equity including minority interest) is regularly monitored to ensure the efficient use of shareholders' equity. Managing the debt to equity ratio is a vital element of capital management as it has a direct bearing on the Group's ability to raise low cost capital.

	GROUP		COMPANY	
As at	**31.03.2021**	**31.03.2020**	**31.03.2021**	**31.03.2020**
Debt to equity ratio	0.66	0.55	0.15	0.17

The debt to equity ratio of the Group has increased from 0.55 in the previous financial year to 0.66 during the financial year under review. This is primarily due to the increase in long term debt as result of debt restructuring under debt moratorium relief availed by the Group companies. Restructured loans assisted to improve the liquidity position of Group companies affected by the COVID-19 pandemic especially in the tourism sector. The debt to equity ratio of the Company slightly improved from last year due to repayments of term loans.

Sourcing of debt is carried out subsequent to careful and detailed analysis of lender proposals. Important factors such as the tenure of the loans, interest rates, capital repayment terms including grace periods and repayment amounts and other terms and conditions including covenants are taken into consideration when making a decision. Minimising the weighted average cost of capital is one of the key considerations in determining sourcing options. The Group's debt is denominated in Sri Lankan rupees as well as foreign currencies such as US dollar, Euro and Indian rupees. Foreign currency denominated loans have been taken mainly by the companies with foreign exchange earnings in order to take advantage of the relatively low interest rates.

The Group treasury plays an active role in ensuring that the cost of capital is maintained at the optimum level and the financial and other covenants linked to the sourcing arrangements are acceptable.

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40.2 Financial capital allocation and investment

Implementation of the Group's long-term strategy for growth requires continuous capital investments in the four sectors in which the Group operates. The allocation of limited financial capital available is done pursuant to careful evaluation of investment opportunities to ascertain expected returns. The Group's capital investment decisions are supported by elaborate financial modelling, thorough sensitivity analysis and rigorous legal, financial and technical due diligence as required. Identification and ranking of suitable investment opportunities are carried out using the discounted cash flow modelling technique, Internal Rate of Return (IRR) and hurdle rates and payback periods. At the evaluation stage for capital investments, financial modelling, sensitivity analysis and the calculation of IRR are carried out either by the Group's corporate finance division, or the respective sector through which the investment will take place with the assistance of the former.

Upon making the decision to proceed with a capital investment, the Group follows necessary procedures to ensure that it is carried out in the best possible manner. When the investment involves external shareholders, the Group takes steps to protect its rights by entering into carefully drafted legal agreements. Post investment evaluations are carried out at frequent intervals to ensure that the returns envisaged at the evaluation stage are actually delivered. Exposure limits are used to control the default risk especially in portfolio investments.

40.3 Adequate financial reserves

The long-term financial health of the Group has been ensured by maintaining sufficient reserves of financial capital which can be drawn upon when there is a requirement. Probable future risks that could result in negative financial outcomes are identified and required mitigation measures are taken. The Group has implemented sound cashflow planning procedures ensuring that the receivables are collected in an efficient manner thereby shortening the cash cycle. A special emphasis is placed on minimising operating costs through critical evaluation and justification of all cost elements.

The Group policies regarding managing receivables have been communicated to the heads of finance of business sectors and the corporate finance division monitors the Group-wide status of receivables and submits exception reports to the management for advice on required action.

40.4 Financial capital management policy

The fundamental objective of the financial capital management policy of the Group is maximising the return on limited available capital whilst safeguarding the investments that have already been made. Ensuring that there is adequate financial capital for the Group to expand its operations while continuing with its regular business operations, requires the management to consider multiple facets of the operation and take into account the behaviour of a number of parameters, both internal and external, that affect the operating conditions. The rapid pace of change in the operating environment has a profound influence on many factors affecting the use of financial capital. A thorough understanding derived from years of experience in a business sector is vital to ensure successful management of capital.

The Group's financial capital management policy fundamentally stems from various decisions the Board has taken regarding capital investments and the optimum utilisation of cash resources. This policy is a reflection of the current thinking of the Board on present and future industry, market and economic risks and conditions. Potential investments and divestments are discussed at length by the Group directors and various aspects of risk and return parameters are considered prior to making capital investment decisions. A vital role in the implementation of the financial capital management policy is played by the Group treasury and the corporate finance division.

The management information necessary to base policy decisions such as key performance indicators and value drivers of the sectors highlighting financial performances are generated by the corporate finance division. Some of the important parameters which guide the capital management policy include the tolerance for gearing, interest risk appetite and the view on the exchange rate movement. The underlying variables such as the market borrowing and lending rates, exchange rates, inflation and other macroeconomic indicators are constantly monitored by the Group treasury and recommendations regarding the appropriate policy changes are made to the management.

It is vital for the Group's long-term survival and growth to have a sound financial capital management policy as decisions taken at the present time will have implications for the future. The Group's financial capital management policy, therefore is constantly evolving and attempts to link its future strategy to present day financing decisions while being based on a solid foundation of optimisation of resources.

41 Contracts for capital expenditure

The following commitments for capital expenditure approved by the Directors as at 31st March have not been provided for in the financial statements.

41.1 Commitments for capital expenditure for subsidiaries

As at	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Approximate amount approved but not contracted for	1,588,384	270,796
Approximate amount contracted for but not incurred	1,129,572	2,662,906
	2,717,956	2,933,702

The above includes Rs. 1,768.7 million (2019/2020- Rs. 2,903.1 million) for the acquisition of property, plant and equipment, Rs. 49.2 million (2019/2020 - Rs. 30.6 million) for the acquisition of intangible assets and Rs. 900.0 million investment for the acquisition of Waltrim Energy Ltd., which took place in April 2021.

41.2 Commitments for capital expenditure for joint ventures

As at	31.03.2021 Rs.'000	31.03.2020 Rs.'000
Approximate amount approved but not contracted for	110,983	257,444
Approximate amount contracted for but not incurred	10,703	-
	121,686	257,444

The amount shown is the Group's share of capital commitments by joint ventures.

The above includes Rs. 114.1 million (2019/2020- Rs. 257.4 million) for the acquisition of property, plant and equipment and Rs. 7.5 million of acquisition of intangible assets (2019/2020- Nil).

42 Contingent liabilities

Contingent liabilities as at 31.03.2021 on corporate guarantees given by Aitken Spence PLC to subsidiaries within the group and equity-accounted investees amounted to Rs. 7,824.9 million and Rs. 17.5 million respectively. Contingent liabilities as at 31.03.2021 on corporate guarantees given by subsidiaries and equity-accounted investees to other companies in the Group amounted to Rs. 21,457.3 million. Neither Aitken Spence PLC nor subsidiaries and equity-accounted investee have given corporate guarantees on behalf of companies outside the Group including other related companies listed in note 43.6 to the financial statements.

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.

Aitken Spence Travels (Pvt) Ltd which is a subsidiary of the Group was issued with income tax assessments under the Inland Revenue Act No.10 of 2006 and its amendments thereto in relation to the years of assessment 2009/2010, 2010/2011 and 2011/2012. The Supreme Court hearing the appeal for 2009/2010 has refused to grant leave to the Department of Inland Revenue to proceed with the case. Hence the judgement of the Court of Appeal which was given in favour of Aitken Spence Travels (Pvt) Ltd would prevail. The Tax Appeals Commission hearing the appeals in relation to the years of assessment 2010/2011 and 2011/2012 has determined the income tax assessment in favour of the Company. Pursuant to the determination of the Tax Appeals Commission the Department of Inland Revenue has appealed against the determination to the Court of Appeal. The contingent liabilities to the Group for years of assessment 2010/2011 and 2011/2012 are estimated to be Rs. 69.8 million and Rs. 80.6 million respectively inclusive of all penalties. Based on expert advise and the decision of the Tax Appeals Commission and the judgement given by the Supreme Court in relation to year of assessment 2009/2010, the directors are confident that as the facts of the case for year of assessment 2010/2011 and 2011/2012 are identical to the year of assessment 2009/2010 that the ultimate resolution would be in favour of the Company and will not have a material adverse impact on the financial statements of the Group.

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Elpitiya Plantations PLC which is an equity accounted investee of the Group has filed a Writ application together with other Regional Plantation Companies (RPCs) on the recent proposed increase in the wages of plantation workers. The wages of plantation workers are negotiated between the trade unions and the RPCs once in every two years and a collective agreement is entered into between the parties. However, recent wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. The Wages Board determined the daily wage rate of tea/rubber workers to be Rs 1,000/- per day and published its decision by way of a gazette notification on 05th March 2021. Thereafter, a Writ application was instituted by the RPCs in the Court of Appeal seeking an interim order, for staying and/or suspending the operation of the decision of the Wages Board. However, the Hon. Justices of the Court of Appeal declined to issue an interim order and directed the respondents to file objections and the RPCs (petitioners) to file counter objections. As at the date of the statement of financial position, the above matter is under the purview of the Court of Appeal and therefore the final decision is pending. Having discussed the matter with independent legal experts and based on information available, the Directors are of the view that in the event of an unfavourable decision to the Company from the above court case, the contingent liability on the retirement benefit obligation liability would be Rs. 93 Mn. No provisions have been made in the financial statements for the year ended 31 March 2021 in this regard.

43 Related party transactions

The Aitken Spence Group and the Company carries out transactions in the ordinary course of business with parties who are defined as related parties as per Sri Lanka Accounting Standard-LKAS 24 Related Party Disclosures. Transactions and outstanding balances between the companies within the Group and related parties are given in note no. 43.2- 43.9.

43.1 Parent and ultimate controlling party

The immediate parent of Aitken Spence PLC is Melastacorp PLC and the ultimate holding company is Milford Exports (Ceylon) (Private) Limited.

43.2 Transactions with key management personnel

43.2.1 Aitken Spence PLC considers its Board of Directors as the key management personnel of the company. The Board of Directors, Vice Presidents and Assistant Vice Presidents of subsidiary companies are considered as key management personnel of such companies.

43.2.2 There were no loans given to Directors of the company during the financial year or as at the year end.

43.2.3 Compensation paid to / on behalf of key management personnel of the Company is as follows;

	COMPANY Rs.'000	GROUP Rs.'000
Short term employee benefits	87,092	555,373
Post employment benefits	-	22,918

No post-employment benefits were paid to key management personnel of Aitken Spence PLC during the financial year. The Company/Group did not have any material transactions with its key management personnel or their close family members during the year.

43.2.4 Key management personnel of Aitken Spence PLC hold positions in other companies, some of which had trading transactions with the Group during the year. Such companies the Group had transactions with are identified below.

Mr. D.H.S. Jayawardena, Chairman of the company is also the Chairman or a Director of Aitken Spence Hotel Holdings PLC and Aitken Spence Hotel Management Asia (Pvt) Ltd which are subsidiaries of the Group. He is also the Chairman of Browns Beach Hotels PLC and Negombo Beach Resorts (Pvt) Ltd which are equity-accounted investees of the Group, and the Chairman, Managing Director or a Director of companies indicated by "*" in the list of companies disclosed under note 43.3 and 43.6.

Dr. M.P. Dissanayake, Deputy Chairman and Managing Director of the company is also the Chairman or a Director of the subsidiaries and equity-accounted investees that are indicated by "a" in notes 20 and 21 to the financial statements.

Dr. R.M. Fernando a Director of the company is also the Managing Director or a Director of the companies marked by "b" in note 20 and 21 to the financial statements.

Miss. D.S.T. Jayawardena a Director of the company is also the Chairperson or a Director of the companies marked by "c" in note 20 and 21 to the financial statements. She is also the Chairperson or a Director of Ambewela Livestock (Co.) Ltd, Ambewela Products (Pvt) Ltd, Ceylon Garden Coir (Pvt) Ltd, Lanka Diaries (Pvt) Ltd, Lanka Milk Foods (Cwe) PLC, Pattipola Livestock Co Ltd, Splendor Media (Pvt) Ltd, Stassen Exports (Pvt) Ltd, Stassen Foods (Pvt) Ltd, Stassen International (Pvt) Ltd, Stassen Natural Foods (Pvt) Ltd and United Dairies Lanka (Pvt) Ltd.

Mr. J.M.S. Brito a Director of the company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group.

Mr. C. H. Gomez a Director of the company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group.

Mr. N. J. de S Deva Aditya a Director of the company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group and a Director of Browns Beach Hotels PLC which is a equity-accounted investee of the Group. He is also a Director of Distilleries Company of Sri Lanka PLC, Melstacorp PLC and The Kingsbury PLC.

Mr. R.N. Asirwatham a Director of the company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group and a Director of Browns Beach Hotels PLC which is a equity-accounted investee of the Group. He is also a Director of Ceylon Grain Elevators PLC, Dankotuwa Porcelain PLC, Dilmah Ceylon Tea Company PLC, Mercantile Merchant Bank Ltd, Renuka Hotels Ltd and Royal Ceramics Lanka PLC.

43.3 Transactions with ultimate parent, parent and group companies of the parent.

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Sale of goods and services	-	-	343,569	342,532
Purchase of goods and services	18,921	15,630	967,311	902,399

Transactions with Bell Active (Pvt) Ltd (formarly known as Telecom Frontier (Pvt) Ltd)*, Bell Solutions Pvt Ltd*, Continental Insurance Lanka Ltd, Distilleries Company of Sri Lanka PLC*, Formula World (Pvt) Ltd, Hospital Management Melsta (Pvt) Ltd*, Lanka Bell (Pvt) Ltd*, Melstacorp PLC*, Melsta Gama (Pvt) Ltd*, Melsta Health (Pvt) Ltd*, Melsta Hospitals Ragama (Pvt) Ltd, Melsta Laboratories (Pvt) Ltd, Melsta Logistics (Pvt) Ltd, Periceyl (Pvt) Ltd*, Splendor Media (Pvt) Ltd, Texpro Industries Ltd*, are reflected under transactions with the parent and group companies of the parent, above.

There were no transactions with Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

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43.4 Transactions with subsidiary companies

	Transactions with Aitken Spence PLC	
For the year ended 31st March	**2021** **Rs.'000**	**2020** **Rs.'000**
Income from services rendered	595,461	769,883
Rent income received	51,257	53,143
Allocation of common personnel and administration expenses	26,103	38,132
Purchase of goods and services	84,456	109,802
Net transfers under finance arrangements	87,571	(539,223)
Interest income	164,340	206,540
Interest expense	389,538	505,063
Sale of property, plant and equipment	303	-

Transactions with ADS Resorts (Pvt) Ltd, A E Lanka (Pvt) Ltd, Ace Apparels (Pvt) Ltd, Ace Aviation Services (Pvt) Ltd, Ace Aviation Services Maldives (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Ace Exports (Pvt) Ltd, Ace Freight Management (Pvt) Ltd, Ace Power Embilipitiya (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, Ahungalla Resorts Ltd, Aitken Spence Agriculture (Pvt) Ltd, Aitken Spence Apparels (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Developments (Pvt) Ltd, Aitken Spence Exports Ltd , Aitken Spence Garments Ltd, Aitken Spence Global Operations (Pvt) Ltd, Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotel Management (South India) (Pvt) Ltd, Aitken Spence Hotel Management Asia (Pvt) Ltd, Aitken Spence Hotels (International) Ltd, Aitken Spence Hotels Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence Maritime Ltd, Aitken Spence Moscow (Pvt) Ltd, Aitken Spence Ports International Ltd, Aitken Spence Power (Pvt) Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Aitken Spence Property Developments Ltd, Aitken Spence Resources (Pvt) Ltd, Aitken Spence Resorts (Middle East) LLC, Aitken Spence Shipping Ltd , Aitken Spence Shipping Services (Pvt) Ltd, Aitken Spence Travels (Pvt) Ltd, Aitken Spence Travels Myanmar Ltd, Branford Hydropower (Pvt) Ltd, Clark Spence and Company Ltd , Cowrie Investments (Pvt) Ltd, Crest Star (BVI) Ltd, D B S Logistics Ltd, Elevators (Pvt) Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag Lloyd Lanka (Pvt) Ltd, Heritance (Pvt) Ltd, Hethersett Hotels Ltd, Interlifts International (Pvt) Ltd, Jetan Travel Services Company (Pvt) Ltd, Kandalama Hotels Ltd, Logilink (Pvt) Ltd, Meeraladuwa (Pvt) Ltd, MMBL Money Transfer (Pvt) Ltd, Neptune Ayurvedic (Pvt) Ltd, Royal Spence Aviations (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Spence Maldives (Pvt) Ltd, Turyaa (Pvt) Ltd, Turyaa Resorts (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Vauxhall Investments Ltd, Vauxhall Property Developments Ltd, Western Power Company (Pvt) Ltd are reflected under transactions with subsidiary companies above.

43.5 Transactions with equity-accounted investees

43.5.1 Transactions with joint venture companies

	Transactions with Aitken Spence PLC		Transactions with Group companies	
For the year ended 31st March	**2021** **Rs.'000**	**2020** **Rs.'000**	**2021** **Rs.'000**	**2020** **Rs.'000**
Sale of goods and services	3,548	4,171	13,057	47,275
Rent income received	972	771	972	771
Allocation of common personnel and administration expenses	110	48	110	48
Purchase of goods and services	-	-	-	171,520
Net transfers under finance arrangements	43,475	(3,357)	43,475	(3,357)
Interest expense	259	1,246	259	1,246
Interest received	12	-	12	-

Transactions with Ace Bangladesh Ltd, Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, CINEC Campus (Pvt) Ltd are reflected under transactions with joint ventures above.

43.5.2 Transactions with associate companies

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Sale of goods and services	25,672	28,722	74,786	128,555
Allocation of common personnel and administration expenses	2,969	323	7,496	8,515
Purchase of goods and services	2,224	10,450	111,965	93,901
Net transfers under finance arrangements	19,000	9,000	(52,989)	(217,144)
Interest income	-	-	50,395	71,108
Interest expense	1,977	4,311	20,531	70,032

Transactions with AEN Palm Oil Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Amethyst Leisure Ltd, Browns Beach Hotels PLC, E P P Hydro Power (Pvt) Ltd, Elpitiya Lifestyle Solutions (Pvt) Ltd, Elpitiya Plantations PLC, Fiji Ports Corporation Ltd, Negombo Beach Resorts (Pvt) Ltd, Paradise Resort Pasikudah (Pvt) Ltd and Serendib Investments Ltd are reflected under transactions with associates above.

43.6 Transactions with other related companies

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Sale of goods and services	-	-	103,222	49,557
Purchase of goods and services	101	690	150,050	687,373

Transactions with Ambewela Livestock (Co.) Ltd*, Ambewela Products (Pvt) Ltd*, Ceylon Garden Coir (Pvt) Ltd*, Ceylon Grain Elevators PLC, Dankotuwa Porcelain PLC, Dilmah Ceylon Tea Company PLC, Lanka Diaries (Pvt) Ltd*, Lanka Milk Foods (Cwe) PLC*, Mercantile Merchant Bank Ltd, Pattipola Livestock Company Ltd*, Renuka Hotels Ltd, Royal Ceramics Lanka PLC, Stassen Exports (Pvt) Ltd*, Stassen Foods (Pvt) Ltd*, Stassen International (Pvt) Ltd*, Stassen Natural Foods (Pvt) Ltd*, The Kingsbury PLC, United Dairies Lanka (Pvt) Ltd* are reflected under transactions with other related companies, above.

43.7 Transactions with post-employment benefit plans

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Contributions to the provident fund	239,086	290,247	32,121	37,978

Contributions to the Aitken Spence & Associated Companies Executive Staff Provident Fund and the Aitken Spence & Associated Companies Clerical Staff Provident Fund are reflected under transactions with post-employment benefit plans, above.

NOTES TO THE FINANCIAL STATEMENTS

43.8 Amounts due from related parties

43.8.1 Amount due from ultimate parent, parent and group companies of the parent.

As at	Balances with Aitken Spence PLC 31.03.2021 Rs.'000	Balances with Aitken Spence PLC 31.03.2020 Rs.'000	Balances with Group companies 31.03.2021 Rs.'000	Balances with Group companies 31.03.2020 Rs.'000
Group companies of the parent	-	-	45,678	27,794

Balances due from Bell Active (Pvt) Ltd (formarly known as Telecom Frontier (Pvt) Ltd), Bell Solutions Pvt Ltd, Continental Insurance Lanka Ltd, Distilleries Company of Sri Lanka PLC, Hospital Management Melsta (Pvt) Ltd, Lanka Bell (Pvt) Ltd, Melstacorp PLC, Periceyl (Pvt) Ltd and Texpro Industries Ltd are reflected under amount due from group companies of the parent, above.

There were no balance due from Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

43.8.2 Amount due from subsidiaries

As at	Balances with Aitken Spence PLC 31.03.2021 Rs.'000	Balances with Aitken Spence PLC 31.03.2020 Rs.'000
Fully owned subsidiaries	2,202,795	2,610,755
Partly owned subsidiaries	1,065,451	1,081,986
	3,268,246	3,692,741
Provision for doubtful debts	203,733	203,733

Balances due from A E Lanka (Pvt) Ltd, Ace Apparels (Pvt) Ltd, Ace Aviation Services (Pvt) Ltd, Ace Aviation Services Maldives (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Ace Exports (Pvt) Ltd, Ace Freight Management (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Ace Travels and Conventions (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, ADS Resorts (Pvt) Ltd, Ahungalla Resorts Ltd, Aitken Spence Agriculture (Pvt) Ltd, Aitken Spence Apparels (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence Garments Ltd, Aitken Spence Global Operations (Pvt) Ltd, Aitken Spence Hotels Ltd, Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotel Management (South India) (Pvt) Ltd, Aitken Spence Hotel Management Asia (Pvt) Ltd, Aitken Spence Hotels (International) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence Maritime Ltd, Aitken Spence Moscow (Pvt) Ltd, Aitken Spence Overseas Travel Services (Pvt) Ltd, Aitken Spence Ports International (Pvt) Ltd, Aitken Spence Power (Pvt) Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Aitken Spence Property Developments (Pvt) Ltd, Aitken Spence Resources (Pvt) Ltd, Aitken Spence Resorts (Middle East) LLC, Aitken Spence Shipping Ltd , Aitken Spence Shipping Services (Pvt) Ltd , Aitken Spence Technologies (Pvt) Ltd, Aitken Spence Travels (Pvt) Ltd, Branford Hydropower (Pvt) Ltd, Clark Spence and Company Ltd , Cowrie Investments (Pvt) Ltd, Crest Star (BVI) Ltd, D B S Logistics Ltd, Elevators (Pvt) Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag Lloyd Lanka (Pvt) Ltd, Heritance (Pvt) Ltd, Hethersett Hotels Ltd, Interlifts International (Pvt) Ltd, Jetan Travel Services Company (Pvt) Ltd, Kandalama Hotels Ltd, Meeraladuwa (Pvt) Ltd, MMBL Money Transfer (Pvt) Ltd, Neptune Ayurvedic (Pvt) Ltd, Royal Spence Aviations (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Spence Maldives (Pvt) Ltd, Turyaa (Pvt) Ltd, Turyaa Resorts (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Vauxhall Investments Ltd, Western Power Company (Pvt) Ltd are reflected under amount due from subsidiaries above.

43.8.3 Amount due from equity-accounted investees

As at	Balances with Aitken Spence PLC 31.03.2021 Rs.'000	Balances with Aitken Spence PLC 31.03.2020 Rs.'000	Balances with Group companies 31.03.2021 Rs.'000	Balances with Group companies 31.03.2020 Rs.'000
Joint ventures	135,706	130,110	144,119	162,486
Associates	15,063	17,185	873,220	978,974
	150,769	147,295	1,017,339	1,141,460

Balances due from Ace Bangladesh Ltd, Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, CINEC Campus (Pvt) Ltd are reflected under amount due from joint ventures and balances due from 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 associates above.

43.8.4 Amount due from other related companies

As at	Balances with Aitken Spence PLC 31.03.2021 Rs.'000	Balances with Aitken Spence PLC 31.03.2020 Rs.'000	Balances with Group companies 31.03.2021 Rs.'000	Balances with Group companies 31.03.2020 Rs.'000
Other related companies	-	-	16,603	9,212

Balances due from Ambewela Livestaock Company Ltd, Ambewela Products (Pvt) Ltd, Ceylon Grain Elevators PLC, Dankotuwa Porcelain PLC, Dilmah Ceylon Tea Company PLC, Lanka Diaries (Pvt) Ltd, Lanka Milk Foods (Cwe) PLC, Royal Ceramics Lanka PLC, Stassen Exports (Pvt) Ltd, Stasson Foods (Pvt) Ltd, Stasson International (Pvt) Ltd, Stassen Natural Foods (Pvt) Ltd, The Kingsbury PLC and United Dairies Lanka (Pvt) Ltd are reflected under amount due from other related companies, above.

43.9 Amounts due to related parties

43.9.1 Amount due to ultimate parent, parent and group companies of the parent.

As at	Balances with Aitken Spence PLC 31.03.2021 Rs.'000	Balances with Aitken Spence PLC 31.03.2020 Rs.'000	Balances with Group companies 31.03.2021 Rs.'000	Balances with Group companies 31.03.2020 Rs.'000
Group companies of the parent	3	59	2,897	17,136

Balances due to Bell Active (Pvt) Ltd (formarly known as Telecom Frontier (Pvt) Ltd), Continental Insurance Lanka Ltd, Distilleries Company of Sri Lanka PLC, Lanka Bell (Pvt) Ltd, Periceyl (Pvt) Ltd, Splendor Media (Pvt) Ltd andTexpro Industries Ltd are reflected under amount due to group companies of the parent, above.

There were no balance due to Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

43.9.2 Amount due to subsidiaries

As at	Balances with Aitken Spence PLC 31.03.2021 Rs.'000	Balances with Aitken Spence PLC 31.03.2020 Rs.'000
Fully owned subsidiaries	2,362,144	1,528,278
Partly owned subsidiaries	3,775,611	5,045,456
	6,137,755	6,573,734

Balances due to Ace Apparels (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Ace Exports (Pvt) Ltd, Ace Freight Management (Pvt) Ltd, Ace Power Embilipitiya (Pvt) Ltd, Ace Travels and Conventions (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, Ahungalla Resorts Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Developments (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence Group Ltd, Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotels Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence Maritime Ltd, Aitken Spence Overseas Travel Services (Pvt) Ltd, Aitken Spence Ports International Ltd, Aitken Spence Property Developments Ltd, Aitken Spence Shipping Ltd, Aitken Spence Shipping Services (Pvt) Ltd , Aitken Spence Technologies (Pvt) Ltd, Aitken Spence Travels (Pvt) Ltd, Branford Hydropower (Pvt) Ltd, D B S Logistics Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag Lloyd Lanka (Pvt) Ltd, Hethersett Hotels Ltd, Kandalama Hotels Ltd, Logilink (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Vauxhall Property Developments Ltd, Western Power Holdings (Pvt) Ltd are reflected under amount due to subsidiaries above.

NOTES TO THE FINANCIAL STATEMENTS

43.9.3 Amount due to equity-accounted investees

As at	Balances with Aitken Spence PLC 31.03.2021 Rs.'000	Balances with Aitken Spence PLC 31.03.2020 Rs.'000	Balances with Group companies 31.03.2021 Rs.'000	Balances with Group companies 31.03.2020 Rs.'000
Joint ventures	50,127	1,507	50,396	1,874
Associates	72,282	61,711	555,039	526,431
	122,409	63,218	605,435	528,305

Balances due to Ace Bangladesh Ltd, Aitken Spence C&T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd are reflected under amount due to joint ventures and balances due to AEN Palm Oli Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Elpitiya Plantations PLC, Fiji Ports Corporation Ltd, Negombo Beach Resorts (Pvt) Ltd are reflected under amount due to associates above.

43.9.4 Amount due to other related companies

As at	Balances with Aitken Spence PLC 31.03.2021 Rs.'000	Balances with Aitken Spence PLC 31.03.2020 Rs.'000	Balances with Group companies 31.03.2021 Rs.'000	Balances with Group companies 31.03.2020 Rs.'000
Other related companies	101	-	17,016	41,163

Balances due to Ambewela Products (Pvt) Ltd, Lanka Diaries (Pvt) Ltd, Lanka Milk Foods (Cwe) PLC, Pattipola Livestock Company Ltd, Stassen Exports (Pvt) Ltd and Stassen Foods (Pvt) Ltd are reflected under amount due to other related companies, above.

43.10 Terms and conditions of transactions with related parties

All related party transactions are carried out in the normal course of business and transacted at normal business terms .The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and comparable with those that would have been charged from un-related companies. All related party outstanding balances at the year-end are unsecured and are to be settled in cash. The Group does not have any material commitments to related parties, other than those disclosed in note 43 to the financial statements.

44 Foreign currency translation

The principal exchange rates used for translation purposes were;

As at	31.03.2021	31.03.2020
United States Dollar	199.83	189.91
British Pound	275.25	235.28
Euro	234.34	208.33
Oman Rial	519.31	493.14
Fiji Dollar	96.48	83.20
Maldivian Rufiyaa	12.98	12.40
South African Rand	13.48	10.65
Indian Rupee	2.73	2.51
Bangladesh Taka	2.36	2.24
Myanmar Kyat	0.14	0.14

45 Number of employees

The number of employees of the Group (excluding equity-accounted investees) at the end of the year was 6,789 (2019/2020- 7,730) The number of employees of the Company at the end of the year was 159 (2019/2020- 171).

46 The impact of the COVID-19 pandemic on the operations of the Group

The financial year 2020/2021 began with unprecedented lockdowns and border closures in Sri Lanka and the other regions where the Group operates due to the global spread of the COVID-19 pandemic.

Aitken Spence subsidiaries that operate in the tourism sector were significantly affected by these unprecedent border closures which commenced in mid-March 2020.

During the first nine months of the year, operations in the Sri Lankan tourism sector companies were restricted to servicing local clientele while hotels in the Maldives were opened for tourists in July 2020 with the opening of the Male International Airport.

The Tourism sector companies in Sri Lanka commenced operations for foreign tourists during the last quarter of the financial year as "safe and secure certified Level 1 hotels" as per the initiative taken by the Sri Lanka Tourism Development Authority to accommodate international tourists to Sri Lanka. Some of the Group’s Sri Lankan Hotels too were marketed as Level 1 hotels for international tourists.

Despite unprecedented challenges faced by the Group companies in the non-tourism sectors due to the pandemic and the resulting island wide and international lockdowns imposed, operations in such sectors, namely, Maritime and Freight Logistics, Strategic investments and Services continued throughout the year with their highest ever contribution to the Group’s financial performance.

The Group’s operations in all sectors were carried out with strict measures taken for the safety of the staff and the customers in all operating locations, adhering to the continuous guidelines given by the Government and the health authorities.

The Board of Directors remain focused on the tourism sector companies and expect to manage the business operations in the foreseeable future maintaining adequate liquidity through the execution of moratoriums offered by the lending institutions, refinancing of debt arrangements or sourcing new financing options, deferral or suspension of non-critical or discretionary operating and capital expenditure and realigning operations for alternate income sources. With the global rollout of the vaccination programme the Group is working through a strategy to gradually go back to normalcy in these companies based on the opening of source markets and international travel.

In accordance with the accounting policies, the Group reviewed the carrying values of property, plant and equipment, investment property, share investments, inventory, trade and other receivables and goodwill as at the reporting date, especially due to the impact the ongoing COVID-19 pandemic could have on these assets and determined that no impairment is necessary, as each subsidiary in the group has evaluated their business continuity plans and is satisfied that each of them has taken necessary steps to safeguard the assets.

47 Events occurring after the reporting date

Aitken Spence PLC acquired 100% of the shareholding of Waltrim Energy Ltd on 07th April 2021 for a total consideration of Rs. 900 million. Waltrim Energy Ltd operates three hydropower generation plants with the total capacity of 6.6 MW under three separate wholly owned subsidiaries namely Waltrim Hydropower (Pvt) Ltd, Upper Waltrim Hydropower (Pvt) Ltd and Elgin Hydropower (Pvt) Ltd.

The Board of Directors of the Company resolved to recommend a first and final ordinary dividend of Rs. 1.00 per share for the year 2020/2021 to be approved at the Annual General Meeting. Details of the dividend is disclosed in note 14 to the financial statements.

There were no other material events that occurred after the reporting date that require adjustments to or disclosure in the financial statements.

48 Comparative information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The presentation and classifcation of the fnancial statements of the previous period, have been adjusted, where relevant, for better presentation.

CONSOLIDATED INCOME STATEMENT IN USD

For the year ended 31st March		2021 USD.'000	2020 USD.'000
Revenue		158,122	281,561
Revenue taxes		(684)	(2,594)
Net revenue		157,438	278,967
Other operating income		3,198	4,477
Changes in inventories of finished goods and work-in-progress		(518)	59
Raw materials and consumables used		(49,351)	(68,103)
Employee benefits expense		(33,857)	(48,808)
Depreciation, amortisation and impairment of non-financial assets		(22,990)	(21,541)
Other operating expenses- direct		(39,105)	(76,786)
Other operating expenses- indirect		(19,124)	(35,610)
Profit from operations		(4,309)	32,655
Finance income		4,067	4,172
Finance expenses		(15,872)	(16,047)
Net finance expense		(11,805)	(11,875)
Share of profit of equity-accounted investees (net of tax)		1,881	1,324
Profit before tax		(14,233)	22,104
Income tax expense		(2,350)	(6,902)
Profit for the year		(16,583)	15,202
Attributable to:			
Equity holders of the company		(8,135)	12,520
Non-controlling interests		(8,448)	2,682
Profit for the year		(16,583)	15,202
Earnings per share- Basic/Diluted (Rs.)	USD cents =	(2.00)	3.08
Exchange rate	USD =	199.83	189.91

Figures in brackets indicate deductions..

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN USD

For the year ended 31st March		2021 USD.'000	2020 USD.'000
Profit for the year		(16,583)	15,202
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains / (losses) on defined benefit obligations		(1,496)	890
Equity investments at FVOCI – net change in fair value		(11)	(10)
Share of other comprehensive income of equity-accounted investees (net of tax)		170	(30)
Income tax on other comprehensive income		804	(165)
		(533)	685
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		5,145	5,098
Net movement on cash flow hedges		(3,566)	(1,535)
Share of other comprehensive income of equity-accounted investees (net of tax)		1,533	7
		3,112	3,570
Other comprehensive income for the year, (net of tax)		2,579	4,255
Total comprehensive income for the year		(14,004)	19,457
Attributable to:			
Equity holders of the parent		(4,861)	15,595
Non-controlling interests		(9,143)	3,862
Total comprehensive income for the year		(14,004)	19,457
Exchange rate	USD =	199.83	189.91

Figures in brackets indicate deductions.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION IN USD

As at	31.03.2021 USD.'000	31.03.2020 USD.'000
ASSETS		
Non-current assets		
Property, plant and equipment	399,471	418,091
Investment property	8,165	8,593
Intangible assets	5,334	5,634
Biological assets	316	296
Right-of-use assets	70,362	69,768
Investments in equity-accounted investees	35,432	35,220
Deferred tax assets	5,987	4,037
Other financial assets	4,038	4,216
	529,105	545,855
Current assets		
Inventories	11,785	14,926
Trade and other receivables	69,625	82,647
Current tax receivable	898	798
Deposits and prepayments	6,012	8,869
Other current assets	71,952	57,136
Cash and short-term deposits	39,929	34,723
	200,201	199,099
Assets classified as held for sale	6,221	6,265
Total assets	735,527	751,219
EQUITY AND LIABILITIES		
Equity		
Stated capital	10,685	11,243
Reserves	140,190	132,512
Retained earnings	96,786	124,525
Total equity attributable to equity holders of the company	247,661	268,280
Non-controlling interests	48,552	65,058
Total equity	296,213	333,338
Non-current liabilities		
Interest-bearing loans and borrowings	194,718	182,720
Lease liabilities	59,321	54,554
Deferred tax liabilities	11,975	12,416
Employee benefits	6,507	4,659
Other liabilities	1,953	2,034
	274,474	256,383
Current liabilities		
Interest-bearing loans and borrowings	20,591	17,678
Lease liabilities	6,400	4,023
Trade and other payables	61,077	69,935
Current tax payable	1,295	1,956
Other financial liabilities	-	158
Bank overdrafts and other short-term borrowings	75,477	67,748
	164,840	161,498
Total equity and liabilities	735,527	751,219
USD	199.83	189.91

Figures in brackets indicate deductions.

TEN YEAR SUMMARY

Year ended 31st March	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000	2013 Rs. '000	2012 Rs. '000
Operating Results										
Revenue	31,597,505	53,471,257	55,680,903	52,734,969	45,892,179	25,977,795	35,318,891	35,059,123	35,822,630	31,021,623
Profit before taxation	(2,844,273)	4,197,662	7,282,608	6,397,816	5,246,872	3,805,508	5,709,923	5,444,946	5,069,032	5,183,354
Taxation	469,510	1,310,688	1,511,258	1,248,284	1,201,407	861,229	826,323	865,457	713,755	746,090
Profit after taxation	(3,313,783)	2,886,974	5,771,350	5,149,532	4,045,465	2,944,279	4,883,600	4,579,489	4,355,278	4,437,264
Profit attributable to Aitken Spence PLC	(1,625,623)	2,377,591	4,077,067	3,560,348	2,890,032	2,027,112	3,579,008	3,671,870	3,287,607	3,487,669
Equity & Liabilities										
Stated capital	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140
Reserves	28,014,136	25,165,268	23,416,042	20,500,926	16,849,379	15,248,423	13,867,687	13,883,457	12,695,793	12,454,684
Retained earnings	19,340,780	23,648,558	23,899,401	22,163,669	20,492,912	19,262,056	19,022,310	16,238,762	13,222,324	10,564,698
Non-controlling interest	9,702,142	12,355,105	12,635,237	11,484,969	11,315,985	7,554,724	7,211,980	6,617,863	5,560,028	4,708,800
Non-current liabilities	54,848,117	48,689,812	34,526,058	23,560,466	19,503,049	13,639,158	10,727,403	8,493,842	7,133,962	6,563,195
Current liabilities	32,940,045	30,670,089	28,384,657	27,997,370	24,998,995	15,514,730	12,426,235	13,644,187	15,141,965	14,558,490
	146,980,360	142,663,972	124,996,535	107,842,540	95,295,460	73,354,231	65,390,755	61,013,251	55,889,212	50,985,007
Assets										
Property, plant and equipment	79,826,252	79,399,616	71,590,332	59,274,780	50,048,523	35,278,046	28,696,631	24,799,321	23,534,930	22,585,836
Investment property	1,631,580	1,631,839	1,632,100	1,632,360	1,630,801	1,630,801	1,648,301	1,648,301	1,661,596	1,662,349
Intangible assets	1,065,966	1,069,997	945,468	890,378	886,103	867,223	558,040	651,796	350,368	643,600
Biological assets	63,122	56,275	49,332	47,293	43,583	25,838	-	-	-	-
Right-of-use assets	14,060,406	13,249,662	-	-	-	-	-	-	-	-
Leasehold property	-	-	2,214,519	2,023,903	2,042,459	2,006,728	1,906,527	1,461,100	1,463,930	1,521,101
Pre paid operating leases	-	-	2,366,966	2,241,358	1,978,348	1,828,797	1,072,370	1,010,199	980,681	1,028,164
Finance lease receivables	-	-	-	-	-	-	-	2,245,884	2,325,091	2,512,923
Investments in equity-accounted investees	7,080,305	6,688,625	6,434,116	6,334,455	6,060,842	9,771,984	5,403,518	3,367,589	3,059,987	1,770,117
Deferred tax assets	1,196,477	766,677	690,924	563,391	434,794	328,140	215,907	224,495	225,749	209,769
Other financial assets	806,856	800,719	834,096	873,340	285,629	257,799	279,346	339,540	414,409	392,737
Current assets	40,006,177	37,810,912	38,074,557	33,812,157	31,735,253	21,209,750	25,383,192	25,115,901	21,723,346	18,509,286
Assets classified as held for sale	1,243,219	1,189,650	164,125	149,125	149,125	149,125	226,923	149,125	149,125	149,125
	146,980,360	142,663,972	124,996,535	107,842,540	95,295,460	73,354,231	65,390,755	61,013,251	55,889,212	50,985,007
Share Information										
Earnings per share (Rs.)	(4.00)	5.86	10.04	8.77	7.12	4.99	8.82	9.04	8.10	8.59
Market value per share (Rs.)	55.50	30.70	41.00	50.60	56.20	73.50	99.50	97.90	119.60	112.70
Market capitalisation on 31st March (Rs. Mn)	22,533	12,464	16,646	20,543	22,817	29,841	40,397	39,747	48,557	45,756
Price earnings ratio	(13.88)	5.24	4.08	5.77	7.90	14.72	11.29	10.82	14.77	13.12
Price to book value ratio	0.46	0.24	0.34	0.46	0.58	0.81	1.15	1.23	1.73	1.82
Net assets per share (Rs.)	121.90	125.49	121.80	110.35	97.24	90.26	86.27	79.45	69.10	61.96
Employee Information										
No. of employees	6,789	7,730	8,002	7,413	7,360	7,342	7,131	6,797	6,207	5,791
Value added per employee (Rs. '000)	1,727	2,704	2,656	2,586	2,324	1,765	2,031	1,941	1,979	1,915
Ratios & Statistics										
Ordinary dividend (Rs. '000)	405,996	507,495	1,014,990	811,992	710,493	608,994	811,992	811,992	608,994	568,394
Dividend per share (Rs.)	1.00	1.25	2.50	2.00	1.75	1.50	2.00	2.00	1.50	1.40
Dividend cover (times covered)	(4.00)	4.68	4.02	4.38	4.07	3.33	4.41	4.52	5.40	6.14
Dividend - payout ratio	(0.25)	0.21	0.25	0.23	0.25	0.30	0.23	0.22	0.19	0.16
Current ratio (times covered)	1.21	1.23	1.34	1.21	1.27	1.37	2.04	1.84	1.43	1.27
Debt - equity ratio	0.66	0.55	0.47	0.35	0.34	0.28	0.22	0.19	0.18	0.19
ROE (%)	(3.24)	4.74	8.65	8.45	7.59	5.66	10.64	12.18	12.36	15.01

BENCHMARKING NON-FINANCIAL DISCLOSURES:
THE GRI INDEX, THE UN GLOBAL COMPACT AND THE WOMEN'S EMPOWERMENT PRINCIPLES

Aitken Spence PLC uses the Global Reporting Framework's GRI Standard reporting framework 'In-Accordance Core' to disclose our performance information as it is the most widely used framework in the world affording us comparability of information. Aligning with a reporting framework also helps us to identify action we can take to implement action through its specific standard disclosures on the clauses in our integrated sustainability policy and its implementation framework.

This annual report is our Communication on Progress on the implementation of action for voluntary endorsements of Aitken Spence PLC, namely the UN Global Compact (UNGC) and the Women's Empowerment Principles. Information presented in the annual report will be linked through the GRI disclosures as mapped in the GRI Index.

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

The Ten Principles of the UN Global Compact

Human Rights

1: Businesses should support and respect the protection of internationally proclaimed human rights

2: Business should make sure they are not complicit in human rights abuses.

Labour Standards

3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

5: Businesses should uphold the effective abolition of child labour.

6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

7: Businesses should support a precautionary approach to environmental challenges.

8: Businesses should undertake initiatives to promote greater environmental responsibility.

9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10: Businesses should work against corruption in all its forms, including extortion and bribery.

The 7 UN Women's Empowerment Principles

1: Establish high-level corporate leadership for gender equality

2: Treat all women and men fairly at work – respect and support human rights and nondiscrimination

3: Ensure the health, safety and well-being of all women and men workers

4: Promote education, training and professional development for women

5: Implement enterprise development, supply chain and marketing practices that empower women

6: Promote equality through community initiatives and advocacy

7: Measure and publicly report on progress to achieve gender equality

GRI CONTENT INDEX

Navigation to locate disclosures within the report

GRI Locations within this report, where we have disclosed information required by the GRI framework, are marked by these icons

WWW Some information is available online and can be perused through *www.aitkenspence.com/annualreport*

The GRI Index

General Disclosures*

GRI Disclosure	Description of the Disclosure	Locate the disclosure	Linkage to UNGC and WEP
1. Organisational profile*			
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102-2	Activities, brands, products and services	10-13, 90-99, 112-165	
102-3	Location of headquarters	354	
102-4	Location of operations	11, 354	
102-5	Ownership and legal form	354	
102-6	Markets served	10-13, 90-99	
102-7	Scale of the organization	10-13	
102-8	Information on employees and other workers	10-11, 80-89	UNGC Principle 6
102-9	Supply chain	96-100	
102-10	Significant changes to the organization and its supply chain	26-35, 56-59, 112-165	
102-11	Precautionary Principle of approach	105	
102-12	External initiatives	67-68, 112-165, 336	
102-13	Membership of associations	36-55, 67-68, 112-166, 336	
2. Strategy*			
102-14	Statement from senior decision-maker	26-33	
102-15	Key impacts, risks and opportunities	56-59, 66, 69-74, 112-165	
3. Ethics and integrity*			
102-16	Values, principles, standards and norms of behaviour	10-13	UNGC Principle 10
102-17	Mechanisms for advice and concerns about ethics	82, 176-194	UNGC Principle 10
4. Governance*			
102-18	Governance structure	177- 178	
102-19	Delegating authority	176- 181	
102-20	Executive-level responsibility for economic, environmental and social topics	176, 180 – 181, 200	
102-21	Consulting stakeholders on economic, environmental and social topics	62 – 64, 176, 188- 190	
102-22	Composition of the highest governance body and its committees	176, 179- 180	WEP principle 1
102-23	Chair of the highest governance body	176- 178	
102-24	Nominating and selecting the highest governance body	181, 185	
102-25	Conflicts of interest	186	WEP principle 1
102-26	Role of highest governance body in setting purpose, values and strategy	176- 178, 181, 183	
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GRI Disclosure	Description of the Disclosure	Locate the disclosure	Linkage to UNGC and WEP
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102-30	Effectiveness of risk management processes	207-214	
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102-32	Highest governance body's role in sustainability reporting	26-29, 176, 188, 205	
102-33	Communicating critical concerns	26-35, 176, 189	
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102-35	Remuneration policies	186, 196	
102-36	Process for determining remuneration	186, 196	
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102-38	Annual total compensation ratio	186, 196	
102-39	Percentage increase in annual total compensation ratio	186, 196	
5. Stakeholder Engagement*			
102-40	List of stakeholder groups	62-64	
102-41	Collective bargaining agreements	86	
102-42	Identifying and selecting stakeholders	62-64	
102-43	Approach to stakeholder engagement	62-64	
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6. Reporting Practices*			
102-45	Entities included in the consolidated financial statements	233	
102-46	Defining report content and topic boundaries	8-9, 65-68	
102-47	List of material topics	66, 336-342	
102-48	Restatement of information	8-9	
102-49	Changes in reporting	8-9	
102-50	Reporting period	8-9	
102-51	Date of the most recent report	29 May 2020	
102-52	Reporting cycle	8	
102-53	Contact point for questions regarding the report	9	
102-54	Claims of reporting in accordance with GRI Standards	8-9	
102-55	GRI content index	336-342	
102-56	External assurance	8	

** Due to ongoing restrictions and limitations resulting from the COVID-19 pandemic, a decision was made to defer the external assurance of our GRI disclosures detailed in this Index to maintain integrity of the process. Internal procedures and inspections will be maintained as usual, and external procedures will be resumed from 2021/2022.*

Disclosures on Topic Specific Standards*

GRI Disclosure	Description of the Disclosure	Locate the disclosure	Linkage to UNGC and WEP
200 Economic Standards*			
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201: Economic Performance*			
201-1	Direct economic value generated and distributed	79	
201-2	Financial implications and other risks and opportunities due to climate change	73, 211-212	UNGC Principle 7
201-3	Defined benefit plan obligations and other retirement plans	248	
202: Market Presence*			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	89, 187	
202-2	Proportion of senior management hired from the local community	110	UNGC Principle 6
203: Indirect Economic Impacts*			
203-1	Infrastructure investments and services supported	13-14, 19-24, 101-111	
203-2	Significant indirect economic impacts	101-111	
204: Procurement Practices*			
204-1	Proportion of spending on local suppliers	100	WEP principle 5
205: Anti – Corruption*			
205-1	Operations assessed for risks related to corruption	111, 187-188, 189	UNGC Principle 10
205-2	Communication and training about anti-corruption policies and procedures	82, 188, 189, 213	UNGC Principle 10
205-3	Confirmed incidents of corruption and actions taken	111	UNGC Principle 10
206: Anti – Competitive Behaviour*			
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	188, 189	
300: Environmental Standards*			
103	Management Approach Disclosures	101-108	
302: Energy*			
302-1	Energy consumption within the organization	107	UNGC Principle 7, 8
302-4	Reduction of energy consumption	107	UNGC Principle 8, 9
302-5	Reductions in energy requirements of products and services	107	UNGC Principle 8, 9 (partially reported)
303: Water*			
303-1	Water withdrawal by source	105, 108	UNGC Principle 7, 8
303-2	Water sources significantly affected by withdrawal of water	108	UNGC Principle 8
303-3	Water recycled and reused	108	UNGC Principle 8
304: Biodiversity*			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	106	
304-2	Significant impacts of activities, products and services on biodiversity	106	UNGC Principle 8
304-3	Habitats protected or restored	106	UNGC Principle 8
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	106	

GRI CONTENT INDEX

GRI Disclosure	Description of the Disclosure	Locate the disclosure	Linkage to UNGC and WEP
305: Emissions*			
305-1	Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent	108	UNGC Principle 7, 8
305-2	Energy Indirect (Scope 2) GHG Emissions in metric tons of CO2 equivalent	108	UNGC Principle 7, 8
305-5	Reductions of GHG emissions	108	UNGC Principle 8, 9
306: Effluents and Waste*			
306-1	Water discharge by quality and destination	108	
306-2	Waste by type and disposal method	108	UNGC Principle 8
306-3	Significant spills	108	UNGC Principle 8
306-5	Water bodies affected by water discharges and/or runoff	108	UNGC Principle 8
307: Environmental Compliance*			
307-1	Non-compliance with environmental laws or regulations	111	UNGC Principle 8
308: Supplier Environmental Assessment*			
308-1	New suppliers that were screened using environmental criteria	100	
308-2	Negative environmental impacts in the supply chain and actions taken	99-100	
G4 EN 31	Total environmental protection expenditures	101	
400: Social Standards*			
103	Management Approach Disclosures	80-111	
401: Employment*			
401-1	New employee hires and employee turnover	86	UNGC Principle 1, 6 WEP principle 2, 7
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	87	
402: Labour/ Management Relations*			
402-1	Minimum notice periods regarding operational changes	86	
403: Occupational Health and Safety*			
403-1	Workers representation in formal joint management-worker health and safety committees	86	
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities.	83	WEP principle 3
404: Training and Education*			
404-1	Average hours of training per year per employee	88-89	UNGC Principle 6 WEP principle 4
404-2	Programs for upgrading employee skills and transition assistance programs	88	WEP principle 7
404-3	Percentage of employees receiving regular performance and career development reviews	87-88	UNGC Principle 3, 6 WEP principle 4
405: Diversity and Equal Opportunity*			
405-1	Diversity of governance bodies and employees	179, 187	UNGC Principle 6 (partially reported) WEP principle 2, 7
405-2	Ratio of the basic salary and remuneration of women to men	89, 187	UNGC Principle 6 WEP principle 2, 7

GRI Disclosure	Description of the Disclosure	Locate the disclosure	Linkage to UNGC and WEP
406: Non-Discrimination*			
406-1	Incidents of discrimination and corrective actions taken	89, 111	UNGC Principle 6 WEP principle 2, 3
407: Freedom of Association and Collective Bargaining*			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	86, 99-100	UNGC Principle 3
408: Child Labour*			
408-1	Operations and suppliers at significant risk for incidents of child labour	86, 99-100	UNGC Principle 5 (partially reported)
409: Forced or Compulsory Labour*			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	86, 99-100	UNGC Principle 4 (partially reported)
410: Security Practices*			
410-1	Security personnel trained in human rights policies or procedures	86	UNGC Principle 1
412: Human Rights Assessment*			
412-1	Operations that have been subject to human rights reviews or impacts assessments	86	UNGC Principle 1 (partially reported)
412-2	Employee training on human rights policies or procedures	86, 187, 189	
413: Local Communities*			
413-1	Operations with local community engagement, impact assessments and development programs	66, 101-111	UNGC Principle 2 WEP principle 6
413-2	Operations with significant actual and potential negative impacts on local communities	66, 101-111	UNGC Principle 2
414: Supplier Social Assessment*			
414-1	New suppliers that were screened using social criteria	100	UNGC Principle 2, 3 (partially reported)
414-2	Negative social impacts in the supply chain and actions taken	66, 99-100	UNGC Principle 2, 3 (partially reported)
416: Customer Health and Safety*			
416-1	Assessment of the health and safety impacts of product and service categories	66, 90-111	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	94	
417: Marketing and Labeling*			
417-1	Requirements for product and service information and labeling	90-94	
417-2	Incidents of non-compliance concerning product and service information and labeling	94	
417-3	Incidents of non-compliance concerning marketing communications	94	
418: Customer Privacy*			
418-1	Substantiated complaints concerning beaches of customer privacy and losses of customer data	94	
419: Socioeconomic Compliance*			
419-1	Non-compliance with laws and regulations in the social and economic area	111	

GRI CONTENT INDEX

Omissions and assumptions

We currently report on Scope 1 and Scope 2 emissions. According to credible sources, the contribution from CH4 and N2O to global warming potential from energy is rather small, being about 0.4% only. Hence, our current focus is on the CO2 emissions arising from energy consumption and CH4 and N2O emissions are not included in the calculations. However, comprehensive scope 1 emissions are calculated for the waste to energy power plant. We hope to include these emissions as well as Scope 3 emissions in due course.

We estimate the emissions reduced by the generation and/ or use of renewable energy by considering the equivalent amount of emissions to produce and/ or use the same quantity of energy from the alternative, non-renewable source we may otherwise have used.

* Due to ongoing restrictions and limitations resulting from the COVID-19 pandemic, a decision was made to defer the external assurance of our GRI disclosures detailed in this Index to maintain integrity of the process. Internal procedures and inspections will be maintained as usual, and external procedures will be resumed from 2021/2022.

GROUP COMPANIES AND DIRECTORATE

AITKEN SPENCE PLC

Tourism
- Hotels
- Destination Management
- Airline GSA

Maritime & Freight Logistics
- Maritime and Port Services
- Freight Forwarding & Courier
- Integrated Logistics
- Airline GSA (Cargo)
- Education

Strategic Investments
- Power Generation
- Printing & Packaging
- Apparel Manufacture
- Plantations

Services
- Financial Services
- Elevator Agency
- Insurance
- Property Management

SUBSIDIARIES

TOURISM SECTOR

DESTINATION MANAGEMENT

Ace Travels and Conventions (Private) Limited *
The Company did not carry out any operations during the year as the MICE activities are shown under Aitken Spence Travels (Private) Limited.

Directors:
N.A.N. Jayasundera,
S.T.B. Ellepola.

Aitken Spence Moscow (Private) Limited *
The Company did not carry out any operations during the year.

Directors:
Dr. M.P. Dissanayake (Chairman),
Dr. J.W.A. Perera (Managing Director),
S.T.B. Ellepola.

Aitken Spence Overseas Travel Services (Private) Limited *
The Company did not carry out any operations during the year.

Directors:
N.A.N. Jayasundera,
S.T.B. Ellepola,
H.P.N. Rodrigo (Resigned w.e.f. 30.06.2020).

Aitken Spence Travels (Private) Limited *
The leading destination management company in Sri Lanka which in addition handles outbound travel. A joint venture with TUI Group AG Germany, the largest integrated tourism company in the world.

Directors:
Dr. M.P. Dissanayake (Chairman),
N.A.N. Jayasundera (Managing Director),
D.C. Schelp,
G.P. Weaver,
Ms. D.S.T. Jayawardena (Alternate Director to Dr. M.P. Dissanayake).

Aitken Spence Travels Myanmar Limited
A joint venture with Golden Ratanapura Company Limited, to handle Destination Management in Myanmar.

Directors:
Dr. M.P. Dissanayake (Appointed w.e.f. 28.06.2019),
N.A.N. Jayasundera,
Ms. D.S.T. Jayawardena,
Ms. N. Sivapragasam,
U.T. Zin,
H.S. Amaratunga,
U.M.Z. Aung,
J.M.S. Brito (Resigned w.e.f. 29.03.2019).

Nilaveli Holidays (Private) Limited *
To operate a future hotel project.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Nilaveli Resorts (Private) Limited *
To operate a future hotel project.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

The Galle Heritage (Private) Limited *
Company is in the process of being struck off.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

AIRLINE GSA

Ace Aviation Services Maldives Private Limited *
General Sales Agent for Sri Lankan Airlines Passenger and Cargo in the Republic of Maldives.

Directors:
S.T.B. Ellepola (Chairman),
M. Firaq (Managing Director),
N.A.N. Jayasundera,
D.L. Warawita.

Aitken Spence Aviation (Private) Limited
General Sales Agent for Singapore Airlines and Silkair (Singapore) Private Limited.

Directors:
Deshamanya D.H.S. Jayawardena,
Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
V.P. Kudaliyanage.

Royal Spence Aviation (Private) Limited
Appointed General Sales agent passenger for Fiji Airways and Go Air in the Republic of India.

Directors:
Dr. M.P. Dissanayake (Chairman),
Ms. N. Sivapragasam,
N.A.N. Jayasundera,
Ms. D.S.T. Jayawardena.

HOTELS

Ace Resorts Private Limited *
Owns the Raafushi island earmarked for the construction and development of a Resort in the Republic of Maldives.

Directors:
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama (Managing Director),
Ms. D.S.T. Jayawardena,
M. Mahdy.

GROUP COMPANIES AND DIRECTORATE

A.D.S Resorts Private Limited *
Owns the Adaaran Select Hudhuran Fushi resort in the Republic of Maldives.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
C.M.S. Jayawickrama (Managing Director),
M. Mahdy.

Aitken Spence Exports (Private) Limited *
Bottles and markets “Hethersett” bottled water.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
C.M.S. Jayawickrama.

Aitken Spence Global Operations (Private) Limited
Provides international marketing services for the overseas hotels in the Group.

Directors:
Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
Mr. C.M.S. Jayawickrama.

Aitken Spence Hotel Holdings PLC *
The holding company of the Group’s hotel interests. Owns the Heritance Ahungalla Hotel.

Directors:
Deshamanya D.H.S. Jayawardena (Chairman),
Dr. M.P. Dissanayake (Managing Director),
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama,
J.M.S. Brito,
R.N. Asirwatham,
N.J. de Silva Deva Aditya.
C.H. Gomez,
G.P.J. Goonewardena.

Aitken Spence Hotel Managements (Private) Limited *
Manages resorts in Sri Lanka.

Directors:
Ms. D.S.T. Jayawardena (Chairperson and Joint Managing Director),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama (Joint Managing Director).

Aitken Spence Hotel Managements (South India) Private Limited
Owns the 140 roomed hotel property “Turyaa" in Chennai in the Republic of India.

Directors:
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama,
T.K. Dewanarayana,
A. Durairaj (Resigned w.e.f. 30.04.2020).

Aitken Spence Hotel Managements Asia (Private) Limited *
Manages resorts in the Sultanate of Oman and in the Republic of Maldives.

Directors:
Deshamanya D.H.S. Jayawardena,
Dr. R.M. Fernando,
Ms. D.S.T. Jayawardena,
Ms. N. Sivapragasam.

Aitken Spence Hotels International (Private) Limited *
Overseas investment company of the Hotels sector and provides international marketing services to the resorts in the Sultanate of Oman.

Directors:
Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama.

Aitken Spence Hotel Services Private Limited
Local marketing company of hotels in the Republic of India.

Directors:
R.S. Rajaratne,
T. K. Dewanarayana.

Aitken Spence Hotels Limited *
Holding company of Kandalama Hotels (Private) Limited and Heritance (Private) Limited. Owns the Heritance Ayurveda Maha Gedara resort in Beruwela.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Aitken Spence Resorts (Middle East) LLC*
Owning company of the Al Falaj Hotel in Muscat, Sultanate of Oman.

Directors:
Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama,
A. Perera,
S.N. de Silva.

Aitken Spence Resources (Private) Limited *
The Company did not carry out any operations during the year.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
C.M.S. Jayawickrama,
G.P.J. Goonewardena.

Ahungalla Resorts Limited *
A joint venture company between Aitken Spence Hotel Holdings PLC and RIUSA NED BV and owns the RIU Hotel Sri Lanka at Ahungalla.

Directors:
Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama,
J.T. Riu (Managing Director),
L. Riu Guell.

Cowrie Investment Private Limited *
Owns the Heritance Aarah and Adaaran Select Meedhupparu resorts in the Republic of Maldives.

Directors:
Dr. M.P. Dissanayake (Chairman and Managing Director),
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama,
I.M. Didi,
M. Salih.

Crest Star (B.V.I.) Limited
The holding company and managing agent of Jetan Travel Services Company Private Limited.

Directors:
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Crest Star Limited
This Company is under de-registration.

Directors:
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Heritance (Private) Limited *
Owns a land in Beruwela for a proposed hotel project.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Hethersett Hotels Limited *
Owns the Heritance Tea Factory- Kandapola.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Jetan Travel Services Company Private Limited *
Owns the Adaaran Club Rannalhi resort in the Republic of Maldives.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
C.M.S. Jayawickrama (Managing Director),
H. Mohamed,
M. Mahdy.

Kandalama Hotels (Private) Limited *
Owns the Heritance Kandalama Hotel.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Meeraladuwa (Private) Limited *
Owns the island of Meeraladuwa in Balapitiya.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

** The companies’ financial statements are audited by KPMG*

Neptune Ayurvedic Village (Private) Limited *
Leases the company owned land and building to Aitken Spence Hotels Limited.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Perumbalam Resorts Private Limited
A fully owned subsidiary of PR Holiday Homes Private Limited.

Directors:
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama,
K.K.M. Rawther,
T.K. Dewanarayana,
K.K. Kabeer (Appointed w.e.f. 10.03.2020),
M.R. Narayanan (Resigned w.e.f. 10.03.2020),
Ms. R. Narayanan (Resigned w.e.f. 10.03.2020).

PR Holiday Homes Private Limited
Owns a land in Cochin, in the Republic of India for a future hotel project.

Directors:
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama,
K.K.M. Rawther,
T.K. Dewanarayana,
K.K. Kabeer (Appointed w.e.f. 10.03.2020),
M.R. Narayanan (Resigned w.e.f. 10.03.2020).

Turyaa (Private) Limited *
Owns the 100 roomed hotel property “Turyaa” in Kalutara.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Turyaa Resorts (Private) Limited *
Owns the 90 roomed hotel property “Turyaa” in Kalutara.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Dr. M.P. Dissanayake,
C.M.S. Jayawickrama.

Unique Resorts Private Limited *
Owns the Adaaran Prestige Vadhoo resort in the Republic of Maldives.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
C.M.S. Jayawickrama (Managing Director),
M.D.B.J. Gunatilake.

MARITIME & FREIGHT LOGISTICS SECTOR

INTEGRATED LOGISTICS

Ace Containers (Private) Limited *
Operates an inland container terminal, container freight station and provides haulage management.

Directors:
Dr. M.P. Dissanayake (Chairman),
A.J. Gunawardena,
A.U. Kodagoda,
C.A.S. Anthony,
M.A.M. Isfahan.

Ace Container Repair (Private) Limited *
Undertakes container repairs, conversions for Garments on Hangers and other purpose built solutions.

Directors:
Dr. M.P. Dissanayake (Chairman),
A.J. Gunawardena,
C.A.S. Anthony,
M.A.M. Isfahan.

Ace Container Terminals (Private) Limited *
Provides container storage, custom brokerage, transport and warehousing services.

Directors:
Dr. M.P. Dissanayake (Chairman),
A.J. Gunawardena,
C.A.S. Anthony,
M.A.M. Isfahan.

Ace Distriparks (Private) Limited *
Provides total integrated logistics services which encompasses warehouse management, transport and distribution services, project cargo logistics, mobile storage solutions and act as agents for leading Liquid Cargo Operators and container leasing companies.

Directors:
Dr. M.P. Dissanayake (Chairman),
A.J. Gunawardena,
C.A.S. Anthony,
M.A.M. Isfahan.

Aitken Spence Developments (Private) Limited *
Property development company.

Directors:
A.J. Gunawardena,
M.A.M. Isfahan.

Logilink (Private) Limited *
Provides container freight station services, storing, distribution and consolidation of exports.

Directors:
Dr. M.P. Dissanayake (Chairman),
A.J. Gunawardena,
C.A.S. Anthony,
M.A.M. Isfahan.

FREIGHT

Ace Aviation Services (Private) Limited
Operates as General Sales Agent for airline cargo.

Directors:
Dr. M.P. Dissanayake (Chairman),
J.E. Brohier.

Ace Cargo (Private) Limited
Provides international freight forwarding services.

Directors:
Dr. M.P. Dissanayake (Chairman),
J.E. Brohier,
Ms. N. Sivapragasam,
M.A.M. Isfahan,
I.S. Cuttilan (Appointed w.e.f. 09.09.2020).

Ace Freight Management (Private) Limited
Undertakes clearing, forwarding and operates an inland container terminal.

Directors:
Dr. M.P. Dissanayake (Chairman),
A.J. Gunawardena,
C.A.S. Anthony,
M.A.M. Isfahan.

Ace International Express (Private) Limited
The Company did not carry out any operations during the year.

Directors:
J.E. Brohier,
M.A.M. Isfahan.

Aitken Spence Cargo (Private) Limited
International freight forwarding and General Sales Agent for airline cargo.

Directors:
Dr. M.P. Dissanayake (Chairman),
J.E. Brohier,
Ms. N. Sivapragasam,
M.A.M. Isfahan,
I. S. Cuttilan (Appointed w.e.f. 09.09.2020).

Aitken Spence Shipping Services Limited *
Shipping agency activities in all ports in Sri Lanka and an international freight forwarder.

Directors:
Dr. M.P. Dissanayake (Chairman),
I.S. Cuttilan,
M.A.M. Isfahan.

GROUP COMPANIES AND DIRECTORATE

Clark Spence and Company (Private) Limited *
Shipping agency services in all ports in Sri Lanka, NVOCC representation and an international freight forwarder.

Directors:
Dr. M.P. Dissanayake (Chairman) (Resigned w.e.f. 04.08.2020),
I.S. Cuttilan,
M.A.M. Isfahan.

D B S Logistics Limited
International Freight Forwarder- Network Partner for DB Schenker.

Directors:
Dr. M.P. Dissanayake (Chairman),
J.E. Brohier,
M.A.M. Isfahan.

Global Parcel Delivery (Private) Limited
Provides international air express, domestic delivery, international mailing, supply chain solutions and record management services.

Directors:
Dr. M.P. Dissanayake (Chairman),
J.E. Brohier,
M.A.M. Isfahan.

Spence Maldives Private Limited
Provides cargo General Sales Agent, international air express, domestic express and freight forwarding services in the Maldives.

Directors:
Dr. M.P. Dissanayake (Chairman),
J.E. Brohier (Managing Director),
M.A.M. Isfahan,
M. Firaq,
A. Ghiyas.

MARITIME SERVICES

Aitken Spence Maritime Limited *
Holding company of Hapag-Lloyd Lanka (Private) Limited and Aitken Spence Ports International Limited.

Directors:
Dr. M.P. Dissanayake (Chairman),
I.S. Cuttilan,
M.A.M. Isfahan.

Aitken Spence Ports International Limited *
Port management services which includes managing ports, port operations and providing productivity enhancement and management in ports.

Directors:
Dr. M.P. Dissanayake (Chairman),
I.S. Cuttilan,
M.A.M. Isfahan,
D.R.C. Hindurangala.

Aitken Spence Shipping Limited *
Shipping agency services in all ports in Sri Lanka. Liner, Cruise, Tanker and Casual Caller Agency Representation, Non Vessel Operating Container Carrier (NVOCC) and an international freight forwarder.

Directors:
Dr. M.P. Dissanayake (Chairman),
I.S. Cuttilan (Managing Director),
M.A.M. Isfahan.

Fiji Ports Terminal Limited
A joint venture with Fiji Ports Corporation Limited, to operate and manage the two major ports of Suva and Lautoka in the Republic of Fiji.

Directors:
H. Patel (Chairman),
V. Chand,
Dr. M.P. Dissanayake,
Ms. N. Sivapragasam,
I.S. Cuttilan,
M.A.M. Isfahan,
K. Prasad (Appointed w.e.f. 22.02.2021),
J. Moore (Resigned w.e.f. 30.09.2020).

Hapag-Lloyd Lanka (Private) Limited *
Liner agency representation.

Directors:
Dr. M.P. Dissanayake,
I.S. Cuttilan,
D. Bhatia,
L. Sorensen,
Ms. N. Sivapragasam.

Shipping and Cargo Logistics (Private) Limited *
Liner agency representation.

Directors:
V.M. Fernando (Chairman),
Dr. M.P. Dissanayake,
K.M.A.T.B. Tittawella P.C.,
K.M. Fernando,
I.S. Cuttilan,
M.A.M. Isfahan.

Spence Seahorse Marine (Private) Limited *
(Company incorporated w.e.f. 28.07.2020)
Supply of Bunkers and Marine Services at all Sri Lanka Ports.

Directors:
Dr. M.P. Dissanayake,
A.I. Hettiarachchi,
A.I.T. Hettiarachchi,
Ms. N. Sivapragasam,
I.S. Cuttilan,
P. Weerasekara.

STRATEGIC INVESTMENT SECTOR

APPARELS

Ace Apparels (Private) Limited
Manufacturer and exporter of high quality apparels to departmental stores and apparel importers mainly in the USA and EU.

Directors:
Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
R.G. Pandithakorralage,
N.T.K.D. Vijithananda (Appointed w.e.f. 01.09.2020),
P.C.J. Fernando (Resigned w.e.f. 31.08.2020).

Aitken Spence (Garments) Limited
Manufacturer and exporter of high quality apparels to departmental stores and apparel importers primarily in USA and EU.

Directors:
Dr. M.P. Dissanayake (Appointed w.e.f. 01.09.2020),
Ms. D.S.T. Jayawardena,
R.G. Pandithakorralage,
N.T.K.D. Vijithananda (Appointed w.e.f. 01.09.2020),
P.C.J. Fernando (Resigned w.e.f. 31.08.2020).

Aitken Spence Apparels (Private) Limited
Manufacturer and exporter of high quality clothing to departmental stores and apparel importers chiefly in USA and EU.

Directors:
Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
R.G. Pandithakorralage,
N.T.K.D. Vijithananda (Appointed w.e.f. 01.09.2020),
P.C.J. Fernando (Resigned w.e.f. 31.08.2020).

PLANTATION

Aitken Spence Agriculture (Private) Limited *
To cultivate farm fruits and vegetables for the export market.

Directors:
Dr. M.P. Dissanayake (Chairman),
Dr. R.M. Fernando.

PRINTING

Ace Exports (Private) Limited *
Provides value added printing and packaging solutions to the direct and indirect export markets.

** The companies' financial statements are audited by KPMG*

Directors:
Dr. M.P. Dissanayake (Chairman),
P. Karunatilake (Managing Director),
Ms. N. Sivapragasam.

Aitken Spence Printing & Packaging (Private) Limited *
Provides value added printing and packaging solutions to the local market.

Directors:
Dr. M.P. Dissanayake (Chairman),
P. Karunatilake (Managing Director),
Ms. N. Sivapragasam.

POWER

Ace Power Embilipitiya (Private) Limited
Owns and operates a 100MW thermal plant in Embilipitiya to supply power to the national grid.

Directors:
Dr. M.P. Dissanayake (Chairman),
L. Wickremarachchi,
Ms. N. Sivapragasam,
H.G. Balasuriya,
Ms. D.S.T. Jayawardena (Appointed w.e.f. 24.08.2020).

Ace Wind Power (Private) Limited
Owns and operates a 3MW wind power plant in Ambewela to supply electricity to the national grid.

Directors:
Dr. M.P. Dissanayake (Chairman),
L. Wickremarachchi (Managing Director),
Ms. N. Sivapragasam.

Aitken Spence Power (Private) Limited
Takes part in new project opportunities.

Directors:
Dr. M.P. Dissanayake (Chairman),
L. Wickremarachchi (Managing Director),
Ms. N. Sivapragasam.

Aitken Spence W E E E Recycling (Private) Limited
Has been established to setup an electrical and electronic waste recycling plant with a view to exporting retrieved materials.

Directors:
Dr. M.P. Dissanayake,
Ms. N. Sivapragasam,
L. Wickremarachchi.

Branford Hydropower (Private) Limited
Owns and operates a 2.5MW hydro power plant in Matale to supply electricity to the national grid.

Directors:
Dr. M.P. Dissanayake (Chairman),
L. Wickremarachchi (Managing Director),
Ms. N. Sivapragasam.

Elgin Hydropower (Private) Limited *+
Owns and operates a 2.4 MW hydropower plant at Lippkele Estate in Lindula.

Directors:
Dr. M.P. Dissanayake (Chairman)
(Appointed w.e.f. 07.04.2021),
L. Wickremarachchi
(Appointed w.e.f. 07.04.2021),
Ms. N. Sivapragasam
(Appointed w.e.f. 07.04.2021),
G. Sathasivam (Resigned w.e.f. 07.04.2021),
V. Govindasamy (Resigned w.e.f. 07.04.2021),
H.D. Abeywickrama
(Resigned w.e.f. 07.04.2021).

Upper Waltrim Hydropower (Private) Limited *+
Owns and operates a 2.6 MW hydropower plant at Waltrim Estate in Lindula.

Directors:
Dr. M.P. Dissanayake (Chairman)
(Appointed w.e.f. 07.04.2021),
L. Wickremarachchi
(Appointed w.e.f. 07.04.2021),
Ms. N. Sivapragasam
(Appointed w.e.f. 07.04.2021),
G. Sathasivam (Resigned w.e.f. 07.04.2021),
V. Govindasamy (Resigned w.e.f. 07.04.2021),
H.D. Abeywickrama
(Resigned w.e.f. 07.04.2021).

Waltrim Energy Limited *+
Owns 100% shareholdings of Waltrim Hydropower (Private) Limited, Upper Waltrim Hydropower (Private) Limited and Elgin Hydropower (Private) Limited

Directors:
Dr. M.P. Dissanayake (Chairman)
(Appointed w.e.f. 07.04.2021),
L. Wickremarachchi
(Appointed w.e.f. 07.04.2021),
Ms. N. Sivapragasam
(Appointed w.e.f. 07.04.2021),
V. Govindasamy (Resigned w.e.f. 07.04.2021),
G. Sathasivam (Resigned w.e.f. 07.04.2021),
S.G. Sathasivam (Resigned w.e.f. 07.04.2021),
H.D. Abeywickrama
(Resigned w.e.f. 07.04.2021),
H.M. Udeshi (Resigned w.e.f. 07.04.2021).

Waltrim Hydropower (Private) Limited *+
Owns and operates a 1.65 MW hydropower plant at Waltrim Estate in Lindula.

Directors:
Dr. M.P. Dissanayake (Chairman)
(Appointed w.e.f. 07.04.2021),
L. Wickremarachchi
(Appointed w.e.f. 07.04.2021),
Ms. N. Sivapragasam
(Appointed w.e.f. 07.04.2021),
G. Sathasivam (Resigned w.e.f. 07.04.2021),
V. Govindasamy (Resigned w.e.f. 07.04.2021),
H.D. Abeywickrama
(Resigned w.e.f. 07.04.2021).

Western Power Company (Private) Limited
Owns and operates the 10MW Colombo Waste to Energy Power Plant to receive 700 metric ton of municipal solid waste from the Colombo Municipal Council and to supply 10MW of electricity to the national grid.

Directors:
Dr. M.P. Dissanayake (Chairman),
L. Wickremarachchi (Managing Director),
Ms. N. Sivapragasam,
Ms. N.W. de A. Guneratne,
Ms. D.S.T. Jayawardena (Appointed w.e.f. 24.08.2020).

Western Power Holdings (Private) Limited
Has been established to invest in the new waste conversion projects.

Directors:
Dr. M.P. Dissanayake (Chairman),
L. Wickremarachchi (Managing Director),
Ms. N. Sivapragasam.

PROPERTY MANAGEMENT

Vauxhall Investments (Private) Limited
Owns buildings and land in Bloemendhal Street, Colombo 13.

Directors:
Dr. M.P. Dissanayake (Chairman),
P. Karunatilake (Managing Director),
Ms. N. Sivapragasam.

CORPORATE ADVISORY

Aitken Spence Corporate Finance (Private) Limited *
Provides corporate services including that of corporate finance, treasury, legal, secretarial, internal audit, human resource development, information technology, financial shared service and security services to the group companies.

Directors:
Dr. M.P. Dissanayake (Chairman),
Dr. R.M. Fernando,
Ms. N. Sivapragasam (Managing Director),
Ms. N.W. de A. Guneratne,
R.G. Pandithakorralage,
Ms. D.S.T. Jayawardena.

Aitken Spence Group Limited *
Overall management of the Aitken Spence Group of Companies.

Directors:
Dr. M.P. Dissanayake,
Dr. R.M. Fernando,

GROUP COMPANIES AND DIRECTORATE

Ms. N. Sivapragasam,
Ms. N.W. de A. Guneratne,
C.M.S. Jayawickrama,
R.G. Pandithakorralage,
B.D.S. Mendis,
P. Karunatilake.

INSURANCE

Aitken Spence International Consulting (Private) Limited *

Representing the Lloyds Agency and the Websters Worldwide Claim Settlement Agency in Sri Lanka and the Maldives in addition to carrying out Surveys & Claim Settlement for several reputed insurance companies and organizations world wide. Superintendents for UN World Food Programme in Sri Lanka and in the Republic of Maldives.

Directors:
Ms. N.W. de A. Guneratne (Managing Director),
A.N. Seneviratne,
R.G. Pandithakorralage,
Dr. M.P. Dissanayake (Appointed w.e.f. 24.08.2020) (Resigned w.e.f. 10.09.2020).

Aitken Spence Insurance Brokers (Private) Limited *

Placement of general insurance business with local Insurers. Providing cost effective insurance solutions for Corporates and Retail Customers.

Directors:
Ms. N.W. de A. Guneratne (Managing Director),
A.N. Seneviratne,
R.G. Pandithakorralage,
Dr. M.P. Dissanayake (Appointed w.e.f. 24.08.2020) (Resigned w.e.f. 10.09.2020).

INTEGRATED LOGISTICS

Aitken Spence Technologies (Pvt) Ltd

The Company did not carry out any operations during the year.

Directors:
Dr. R.M. Fernando,
B.D.S. Mendis,
Ms. N. Sivapragasam,
R.G. Pandithakorralage.

ELEVATOR AGENCY

Elevators (Private) Limited *

A joint venture between Aitken Spence PLC and OTIS Elevators Company (Singapore) Private Limited are the exclusive agents and distributors in Sri Lanka and in the Republic of Maldives for marketing, installing, commissioning and maintaining OTIS elevators, escalators and other people moving equipment.

Directors:
Dr. M.P. Dissanayake (Chairman),
B.D.S. Mendis (Joint Managing Director),
D.R.C. Hindurangala,
S. Joseph.

Interlifts International Private Limited *

Sales & marketing, installing, testing, commissioning and maintaining OTIS elevators, escalators, moving walkways, and related equipment in the Republic of Maldives.

Directors:
B.D.S. Mendis (Managing Director),
D.R.C. Hindurangala,
C.M.S. Jayawickrama,
H. Moosa.

A E Lanka (Pvt) Ltd.

Provides maintenance services of escalators, elevators and car park systems.

Directors:
Dr. M.P. Dissanayake,
B.D.S. Mendis,
D.R.C. Hindurangala.

PROPERTY MANAGEMENT

Aitken Spence Property Developments (Private) Limited *

Owns and operates the multi-storied office complex; "Aitken Spence Tower II" which serves as the Group's corporate office at Vauxhall Street, Colombo 02.

Directors:
Dr. M.P. Dissanayake (Chairman),
Dr. R.M. Fernando,
Ms. N. Sivapragasam.

Vauxhall Property Developments (Private) Limited *

Owns and operates the multi-storied office complex; "Aitken Spence Tower I" at Vauxhall Street, Colombo 02.

Directors:
Dr. M.P. Dissanayake (Chairman),
Ms. N. Sivapragasam,
R.G. Pandithakorralage.

FINANCIAL SERVICES

MMBL Money Transfer (Private) Limited *

Principal Representative for Western Union, Money Gram and Ria money transfer services in Sri Lanka.

Directors:
Dr. M.P. Dissanayake (Chairman),
B.D.S. Mendis (Managing Director),
M.D.D. Pieris,
K. Balasundaram
Ms. N. Sivapragasam,
Ms. J. Moragoda,
R.G. Pandithakorralage (Alternate Director to B.D.S. Mendis).

JOINT VENTURES & ASSOCIATES

TOURISM SECTOR

HOTELS

Amethyst Leisure Limited *

The Holding Company of Paradise Resort Pasikudah (Private) Limited.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Ms. V.J. Senaratne,
J.C. Weerakone,
A. Mahir (Resigned w.e.f. 10.11.2020).

Browns Beach Hotels PLC*

Owns the property leased out to Negombo Beach Resorts (Private) Limited.

Directors:
Deshamanya D.H.S. Jayawardena (Chairman),
Dr. M.P. Dissanayake,
Ms. D.S.T. Jayawardena,
C.R. Stanislaus,
A.L. Gooneratne,
R.N. Asirwatham,
N.J. de Silva Deva Aditya.

Negombo Beach Resorts (Private) Limited *

Owns the Heritance Negombo Hotel.

Directors:
Deshamanya D.H.S. Jayawardena (Chairman),
Ms. D.S.T. Jayawardena,
C.M.S. Jayawickrama,
C.R. Stanislaus.

Paradise Resort Pasikudah (Private) Limited *

Owning Company of Amethyst Resort, Pasikudah.

Directors:
Ms. D.S.T. Jayawardena (Chairperson),
Ms. V.J. Senaratne,
J.C. Weerakone.

** The companies' financial statements are audited by KPMG*

MARITIME & FREIGHT LOGISTICS SECTOR

FREIGHT

Ace (Bangladesh) Limited
Provides international freight forwarding services in the People's Republic of Bangladesh.

Directors:
Dr. M.P. Dissanayake,
J.E. Brohier,
C Jirasinha,
A. Mannan,
Ms. F.R. Ahmed,
A. Rahman.

MARITIME SERVICES

CINEC Campus (Private) Limited*
Sri Lanka's largest private maritime and higher education campus.

Directors:
Capt. P.A.P. Peiris (Chairman/ Managing Director),
Dr. M.P. Dissanayake (Co-Chairman),
Ms. N. Sivapragasam (Joint Managing Director),
Ms. N.W. de A. Guneratne,
R.G. Pandithakorralage,
D. Malais,
E.T. Komrowski,
I.S. Cuttilan,
R.S. Egodage,
P.S.R. Casie Chitty,
D.T.K.C. Lakindu,
P.M.S. Peiris (Appointed w.e.f. 27.07.2020),
E.P. Komrowski (Alternate Director to E.T. Komrowski),
Capt. H.D.J.B. Ranchigoda (Resigned w.e.f. 01.08.2020).

CINEC Skills (Private) Limited
Provides maritime and vocational training courses to students in Northern and Eastern Provinces in Sri Lanka.

Directors:
Capt. P.A.P. Peiris.

Fiji Ports Corporation Limited
Owns and operates all the major ports in the Republic of Fiji in addition to providing navigational services at all Fijian Ports.

Directors:
S. Ali (Chairman),
V.P. Maharaj,
V. Chand,
Dr. M.P. Dissanayake,
T. Kuruvakadua,
I.S. Cuttilan,
T. Baravilala,
N. Chettiar (Appointed w.e.f. 09.09.2020),
A. Prasad (Appointed w.e.f. 09.09.2020),
S.S. Singh (Resigned w.e.f. 09.09.2020).

Fiji Ships and Heavy Industries Limited
Operates ship and boat building facility, carries out ship repair and maintenance services and is involved in heavy industries in the Republic of Fiji.

Directors:
S. Ali (Chairman),
V.P. Maharaj,
V. Chand,
Dr. M.P. Dissanayake,
T. Kuruvakadua,
I.S. Cuttilan,
T. Baravilala.
N. Chettiar (Appointed w.e.f. 09.09.2020),
A. Prasad (Appointed w.e.f. 09.09.2020),
S.S. Singh (Resigned w.e.f. 09.09.2020).

STRATEGIC INVESTMENT SECTOR

PLANTATION

A E N Palm Oil Processing (Private) Limited *
Processing, selling (and exporting) of crude palm oil from FFB. Joint Venture of three companies namely Agalawatte Plantations PLC, Elpitiya Plantations PLC and Namunukula Plantations PLC.

Directors:
N.S. Yaddehige (Chairman),
Dr. M.P. Dissanayake,
Dr. R.M. Fernando,
M.P.K. Udugampola,
G.P.N.A.G. Gunathilake,
P. de S.A. Gunasekara (Appointed w.e.f 01.07.2020),
S.A. Eriyagama (Ceased to hold office w.e.f. 30.06.2020).

Ceylon Vegetable Oils and Fats (Private) Limited
(Company incorporated w.e.f. 28.05.2020) Company is a fully own subsidiary of A E N Palm Oil Processing (Private) Limited, formed to set up a Palm Oil refinery for the local market with a view to bring in a downstream value addition to the existing crude palm oil manufacturing project.

Directors:
M.P. Dissanayake (Appointed w.e.f. 13.02.2020),
A.C.R. Goonewardene (Appointed w.e.f. 13.02.2020),
S.A. Eriyagama (Appointed w.e.f. 13.02.2020),
M.P.K. Udugampola (Appointed w.e.f. 13.02.2020),
R.S.A. Wickramasingha (Resigned w.e.f. 25.01.2021),
S. Gunawardene (Resigned w.e.f. 25.01.2021),
S. Perera (Resigned w.e.f. 25.01.2021),
N.B. Karunaratne (Resigned w.e.f. 25.01.2021).

Aitken Spence Plantation Managements PLC *
Managing agents for Elpitiya Plantations PLC.

Directors:
Dr. M.P. Dissanayake (Chairman),
Dr. R.M. Fernando (Managing Director),
B. Bulumulla,
Deshamanya Merrill J. Fernando,
Malik J. Fernando,
D.A. de S. Wickremanayake,
L.N. de S. Wijeratne,
Dr. R.A. Fernando,
A.T.S. Sosa (Alternate Director to Deshamanya Merrill J. Fernando),
Ms. M.D.A. Perera (Alternate Director to Malik J. Fernando).

EPP Hydro Power (Private) Limited *
Generating and selling renewable hydroelectricity to national grid system.

Directors:
Dr. R.M. Fernando (Chairman),
Deshamanya Merrill J. Fernando,
Malik J. Fernando,
D.A. de Silva Wickremanayake,
B. Bulumulla.

Elpitiya Dianhong Jin Ya Tea Company (Private) Limited *
Growing, processing and marketing of special tea for overseas market. It is a Joint Venture with Dianhong Group China.

Directors:
Dr. R.M. Fernando (Chairman),
B. Bulumulla (Managing Director/ CEO),
W. Hao,
X. Chen,
T. Wang (Alternate Director to W. Hao).

Elpitiya Lifestyle Solutions (Private) Limited *
The company has ceased its commercial operations.

Directors:
S. Pathirane (Chairman),
Dr. R.M. Fernando (Managing Director),
Malik J. Fernando,
D. A. de Silva Wickremanayake,
A. Kanthasamy,
Ms. C.D. Piyaratne,
B. Bulumulla (Alternate Director to Dr. R.M. Fernando).

Elpitiya Plantations PLC
Owns 13 Tea, Rubber and Oil Palm estates in the Pundaluoya, Pussellawa and Galle regions with a total land extent of 8,830.52 hectares.

Directors:
Dr. M.P. Dissanayake (Chairman),
Dr. R.M. Fernando (Managing Director),
Deshamanya Merrill J. Fernando,
Malik J. Fernando,
Dr. S.A.B. Ekanayake,

GROUP COMPANIES AND DIRECTORATE

S.C. Ratwatte,
Ms. B.W.G.C.S Bogahawatta,
A.T.S. Sosa (Alternate Director to Deshamanya Merrill J. Fernando),
B. Bulumulla,
D.A. de S. Wickremanayake,
Ms. M.D.A. Perera (Alternate Director to Malik J. Fernando).

Escape Parks Ceylon (Private) Limited
(Formally known as Venture Valley (Private) Limited – Name Changed w.e.f. 22.06.2020) Design, develop and operate an Adventure Theme Park comprising a water park, gravity park and an adventure park.

Directors:
Dr. M.P. Dissanayake (Chairman),
Dr. R.M. Fernando.

Water Villas (Private) Limited *
Intended Hotel Operator.

Directors:
Dr. R.M. Fernando,
Deshamanya Merrill J. Fernando,
Malik J. Fernando,
D.A. de S. Wickremanayake,
B. Bulumulla.

PRINTING AND PACKAGING

Serendib Investments Ltd
Provides printing and packaging solutions for the Government of Republic of Fiji and corporates in the Republic of Fiji and South Pacific region.

Directors:
Col. S. Raivoce (Chairman),
A. Ram,
Ms. N. Sivapragasam,
P. Karunatilake.

SERVICES SECTOR

ELEVATOR

Aitken Spence Engineering Solutions (Private) Limited *
Joint Venture between Aitken Spence PLC and Mr. Balamurugan Kaliamoorthy incorporated to supply, install, test, commission and maintain equipment of any kind in the field of Air-conditioning, fire and security.

Directors:
D.R.C. Hindurangala,
B. Kaliyamoorthy,
Ms. N. Balamurugan,
B.D.S. Mendis (Appointed w.e.f. 06.05.2020),
Dr. M.P. Dissanayake (Chairman) (Resigned w.e.f. 06.05.2020).

SERVICES

Aitken Spence C & T Investments (Private) Limited *
The Corporate has ceased operations due to circumstances beyond its control.

Directors:
A.Y. Atapattu (Chairman),
Dr. M.P. Dissanayake,
S. Chandramohan,
Dr. R.M. Fernando,
B.D.S. Mendis,
S.G. Atapattu.

** The companies' financial statements are audited by KPMG*
+ Acquired on 07th April 2021

GLOSSARY OF TERMS

Asset Turnover
Total revenue divided by average total assets.

Assets Held for Sale
The carrying amount of the asset value which will be recovered through a sale transaction rather than through continuing use.

Available-for-Sale
Any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

AWDR
The Average Weighted Deposit Rate is calculated by the Central Bank monthly and half yearly based on the weighted average of all outstanding interest-bearing deposits of commercial banks and the corresponding interest rates.

AWPLR
The Average Weighted Prime Lending Rate is calculated by the Central Bank weekly, monthly and half yearly based on commercial bank's lending rates offered to their prime customers.

Basis Point
One hundredth of a percentage point. i.e.1/100

Capital Employed
Shareholders' funds plus non-controlling interests and total debt.

Capital Expenditure
The total of additions to property, plant & equipment, intangible assets, investment property and the purchase of outside investments.

Capital Reserves
Reserves identified for specific purposes and considered not available for distribution.

Carrying Amount
The amount at which as asset is recognised in the statement of financial position.

Cash Ratio
Cash and short-term deposits divided by current liabilities.

Collateral
Monetary or non-monetary asset pledged or received as security in lieu of a loan or credit terms obtained or provided.

Collective Impairment provision
Impairment provision is measured on a collective basis for homogeneous groups of debtors that are not considered individually significant.

Contract
An agreement between two or more parties that has clear economic consequences that the parties have little, if any discretion to avoid usually because the agreement is enforceable by law.

Contract Asset
An entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

Contract Liability
An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amounts due) from the customer.

Credit Risk
Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance with the agreed terms and conditions.

Currency
An agreement between two parties to exchange two currencies at a certain exchange rate at a certain time in the future.

Current Ratio
Current assets divided by current liabilities.

Debenture
A long-term debt instrument issued by a corporate.

Debt/Equity Ratio
Non-current interest-bearing borrowing divided by the total equity and minority interest. It shows the extent to which the firm is financed by debt.

Derivatives
Financial contracts whose values are derived from the values of underlying assets.

Dividend
Dividends per share divided by earnings per share. This indicates the percentage of the Company's earning that is paid out to shareholders in cash.

Dividend Cover
Net profit attributable to the ordinary shareholders divided by the total dividend.

Dividend Yield
Dividend per share divided by the market value of a share.

Dividends per Share (DPS)
Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

Earnings per Share (EPS)
Net profit for the period attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

Economic life (of an asset)
Either the period over which an asset is expected to be economically usable by one or more users or the number of production or similar units expected to be obtained from an asset by one or more users.

Effective
Rate of dividend per share paid on the number of shares ranking for dividend at the time of each payment.

GLOSSARY OF TERMS

Effective
Total long-term and short-term interest divided by average long-term and short-term liabilities at the beginning and end of the year.

Employee Attrition Rate
Number of resignations/Average number of employees *100

EPZ
Export Processing Zone

Equity Instruments
A contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

Expected Credit Losses
The weighted average of credit losses with the respective risks of a default occurring as the weights.

Fair Value
The amount at which an asset is exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Fair Value Through Other Comprehensive Income (FVOCI)
Financial instruments that are held for trading and measured at fair value through other comprehensive income.

Fair Value Through Profit or Loss (FVPL)
Financial instruments that are held for trading and are designated as at fair value through profit and loss.

Financial Asset
Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable.

Financial Instruments
Any contract that gives rise to financial assets of one entity and financial liability or equity instrument of another entity.

Financial Leverage
Total average assets divided by total average equity.

Financial Liability
A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavourable.

Forward
Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

Goodwill
The excess of the cost of acquisition over the fair value of the share of net assets acquired when purchasing an interest in a company.

GRI
Global Reporting Initiative

Gross Treasury Bill Rate
Weighted average treasury bill rate gross of withholding tax published by Central Bank of Sri Lanka at the auction immediately preceding an interest determination date.

Guarantees
A contractual obligation made by a third party (Guarantor), who is not a party to a contract between two others, that the guarantor will be liable if the guarantee fails to fulfil the contractual obligations under that said contract.

ILO
International Labour Organization

IMF
International Monetary Fund

Impact (in the context of GRI Standards)
Effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development. It does not refer to an effect upon an organization, such as a change to its reputation.

Impairment
Occurs when recoverable amount of an asset is less than the carrying amount.

Intangible Assets
An identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services for rental to others or for administrative purposes.

Interest Cover
Operating profit before interest divided by the net interest.

Interest Rate Swap
An arrangement whereby two parties swap interest rate commitments with each other to reduce interest rate risks on fixed or floating rate loans.

Investment Property
Investments in land and buildings that are held to earn rentals or for capital appreciation or for both.

Lease
A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

LIBOR
The London Inter Bank Offer Rate is an interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market.

Liquidity
The risk of an entity having constrains to settle its financial liabilities.

Loans and receivables
A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

Local (in the context of sustainability programmes)
the immediate community within a 35 to 45 km radius of our operations outside Colombo. For operations outside Sri Lanka, 'local' would refer to the local community of that country.

Loss Given Default (LGD)
The magnitude of the loss in the event of a default.

Market
The number of ordinary shares in issue multiplied by the market price per share.

Market Risk
Possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

MCLR
Marginal Cost of Funds based Lending Rate is published by Reserve Bank of India, used as the reference rate by financial institutions to set the interest rate of Indian Rupee denominated lending products.

Net Assets per Share
Total assets less total liabilities including minority interest divided by the number of shares in issue as at 31st March.

Net Profit Margin
Net profit for the period divided by the revenue.

Non-controlling Interest
Part of the net results of operations and of net assets of a subsidiary attributable to interest which are not owned, directly or indirectly through subsidiaries, by the parent.

Operating Profit Margin (EBIT Margin)
Earnings before interest and tax divided by revenue.

PPE
Personal Protective Equipment

Price Earnings Ratio (PER)
Market value per share divided by the earnings per share.

Price to Book Value Ratio (PBV)
Market price per share divided by net assets per share.

Probability of Default (PD)
Estimate of likelihood that a borrower will be unable to meet debt obligations.

Quick Asset Ratio
Total current assets less inventories divided by total current liabilities.

Return on Capital Employed (ROCE)
Profit before finance expense and tax as a percentage of average capital employed.

Return on Equity Accounted Investments
Share of profit of equity-accounted investees (net of tax) divided by the average investment in equity-accounted investees at the beginning and end of the financial year.

Revaluation Surplus
Surplus amount due to revaluing assets in accordance with its fair value.

Revenue Reserves
Reserves set aside for future distributions and investments.

Right-of-use asset
An asset that represents a lessee's right to use an underlying asset for the lease term.

SBU
Strategic Business Unit

SDG
Sustainable Development Goals

Stand-alone Selling Price
The price at which an entity would sell a promised good or service separately to a customer.

Total Equity
Total of share capital, reserves, retained earnings and non-controlling interest.

Treasury Bill/T-Bill
Short term debt instrument of 3,6 or 12 months issued by the Government of Sri Lanka.

Treasury Bond/T-Bond
Medium to long term debt instrument of 2 years and above, issued by the Government of Sri Lanka which carries a coupon (interest) paid on semi-annual basis.

Uncertain tax treatment
A tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law.

Unquoted Shares
Shares which are not listed in the Stock Exchange

UNCTAD
United Nations Conference on Trade and Development

UNWTO
United Nations World Tourism Organization

WHO
World Health Organization

WFM
Work From Home

Working Capital
Current assets less current liabilities

Yield to Maturity
The discount rate that equals present value of all expected interest payment and the repayment of principal.

Young Managers
Executives in managerial positions (Assistant Manager and above), and under 35 years of age.

CORPORATE INFORMATION

Name
Aitken Spence PLC

Legal Form
A public quoted Company with limited liability, incorporated in Sri Lanka in 1952.

Company Registration Number
PQ 120

Registered Office
No. 315, Vauxhall Street,
Colombo 2,
Sri Lanka.

Directors
D.H.S. Jayawardena - *Chairman*

M.P. Dissanayake - *Deputy Chairman & Managing Director*

R.M. Fernando
PhD., MBA, FCIM (UK)

D.S.T. Jayawardena

J.M.S. Brito
LLB, FCA, MBA

G.C. Wickremasinghe

C.H. Gomez

N.J. de Silva Deva Aditya

R.N. Asirwatham
FCA

Alternate Director
A.L. Gooneratne
FCA (Alternate Director to N. J. de S. Deva Aditya)

Audit Committee
R.N. Asirwatham – Chairman
G.C. Wickremasinghe
C.H. Gomez
N.J. de S. Deva Aditya/A.L. Gooneratne
(Alternate Director to N.J. de S. Deva Aditya)
J.M.S. Brito

Related Party Transaction Review Committee
R.N. Asirwatham – *Chairman*
G.C. Wickremasinghe
C.H. Gomez
N.J. de S. Deva Aditya/ A. L. Gooneratne
(Alternate Director to N.J. de S. Deva Aditya)
J.M.S. Brito

Remuneration Committee
G.C. Wickremasinghe – *Chairman*
R.N. Asirwatham
C.H. Gomez

Nomination Committee
G.C. Wickremasinghe – *Chairman*
D.H.S. Jayawardena
R.N. Asirwatham

Secretaries
Aitken Spence Corporate Finance (Private) Limited
No. 315, Vauxhall Street,
Colombo 02,
Sri Lanka.

T : +94 11 2308308
F : +94 11 2445406
benji@aitkenspence.lk
comsec@aitkenspence.lk

Registrars
Central Depository Systems (Private) Limited
Ground Floor, M & M Centre,
No. 341/5, Kotte Road,
Rajagiriya.

T: +94 11 2356456
F: +94 11 2440396
hemal@cse.lk
www.cds.lk

Auditors
KPMG
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
P.O Box 186,
Colombo 03.

Holding Company
Melstacorp PLC

Contact Details
No. 315, Vauxhall Street,
Colombo 02,
Sri Lanka.

T: +94 11 2308308
F: +94 11 2445406
www.aitkenspence.com

NOTICE OF MEETING

Notice is hereby given that the Sixty Ninth (69th) Annual General Meeting of Aitken Spence PLC will be held at Aitken Spence Tower II, No. 315, Vauxhall Street, Colombo 02 on Wednesday, 30th June 2021 at 10.00 a.m., as a virtual meeting using a digital platform for the following purposes:-

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements for the year ended 31st March 2021 with the Report of the Auditors thereon.

2. To declare a dividend as recommended by the Directors.

3. To re-appoint Deshamanya D.H.S. Jayawardena who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Deshamanya D.H.S. Jayawardena who is 78 years of age and that he be re-appointed a Director of the Company."

4. To re-appoint Mr. G.C. Wickremasinghe who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. G.C. Wickremasinghe who is 87 years of age and that he be reappointed a Director of the Company."

5. To re-appoint Mr. R.N. Asirwatham who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R.N. Asirwatham who is 78 years of age and that he be reappointed a Director of the Company."

6. To re-appoint Mr. J.M.S. Brito who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. J.M.S. Brito who is 74 years of age and that he be re-appointed a Director of the Company."

7. To re-appoint Mr. N.J. de S. Deva Aditya who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N.J. de S. Deva Aditya who is 73 years of age and that he be reappointed a Director of the Company."

8. To re-elect Ms. D S T Jayawardena who retires in terms of Article 83 of the Articles of Association, as a Director.

9. To authorise the Directors to determine contributions to charities.

10. To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

11. To consider any other business of which due notice has been given.

By Order of the Board

Aitken Spence PLC

Aitken Spence Corporate Finance (Private) Limited

Secretaries

28th May 2021

Colombo

Note : Further instructions on the virtual AGM are noted on the reverse hereof

NOTICE OF MEETING

Note:

1. In the interest of protecting public health and facilitating compliance with the Health and Safety guidelines issued by the Government of Sri Lanka, the Sixty Ninth (69th) Annual General Meeting of Aitken Spence PLC will be a virtual meeting held by participants joining in person or proxy, through audio or audio visual means in the manner specified below:

   i. Attendance of the Board of Directors

   Certain members of the Board of Directors, the Company Secretaries, the External Auditors and the Legal Counsel will be present at the Aitken Spence Tower II, No. 315, Vauxhall Street, Colombo 02 at 10.00 a.m. on Wednesday, 30th June 2021.

   ii. Shareholder participation

   (a) The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.

   (b) The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through audio or audio visual means **only**.

   (c) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio visual means **only**. To facilitate this process, the shareholders are required to furnish their details by perfecting *Annexure II* to the circular to shareholders and forward same to reach Company Secretaries via e-mail to heshani@aitkenspence.lk or facsimile on +94 11 2445406, or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02 **not less than five (05) days before to the date of the meeting** so that the **meeting login information** could be forwarded to the e-mail addresses so provided. The circular to the shareholders will be posted to all the shareholders with necessary instructions along with the Notice of Meeting and the Form of Proxy.

   (d) To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to heshani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company, No. 315, Vauxhall Street, Colombo 02, **not less than forty eight (48) hours before the time fixed for the meeting**.

   iii Shareholders' queries

   The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretaries, via e-mail to heshani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02, **not less than five (5) days before the date of the meeting**. This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.

2. Should the dividend recommended be approved by the Shareholders at the Annual General Meeting, it is proposed to post the dividend warrants on 22nd July 2021 and the direct bank transfers will be made on 5th July 2021. In accordance with the Listing Rules of the Colombo Stock Exchange, the shares of the Company will trade ex-dividend with effect from 1st July 2021.

3. The Annual Report of the Company for the year ended 2020/2021 will be available for perusal on the Company website www.aitkenspence.com and, the Colombo Stock Exchange website www.cse.lk.

FORM OF PROXY

I/We .... of

.... being a shareholder/shareholders of

Aitken Spence PLC hereby appoint .... of

.... (whom failing),

Don Harold Stassen Jayawardena	(whom failing),
Mahinda Parakrama Dissanayake	(whom failing),
Rohan Marshall Fernando	(whom failing),
Don Stasshani Therese Jayawardena	(whom failing),
Joseph Michael Suresh Brito	(whom failing),
Gaurin Chandraka Wickremasinghe	(whom failing),
Charles Humbert Gomez	(whom failing),
Niranjan Joseph de Silva Deva Aditya	(whom failing),
Rajanayagam Nalliah Asirwatham,	

as my/our Proxy to represent me/us to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 30th June 2021 at 10.00 a.m. virtually by using a digital platform, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/we the undersigned hereby authorize my/our proxy to vote on my/our behalf in accordance with the preference indicated below:

	Resolution	***For***	***Against***
1	To declare a dividend as recommended by the Directors		
2	To re-appoint Deshamanya D.H.S. Jayawardena who is over the age of 70 years		
3	To re-appoint Mr. G.C. Wickremasinghe who is over the age of 70 years		
4	To re-appoint Mr. R.N. Asirwatham who is over the age of 70 years		
5	To re-appoint Mr. J.M.S. Brito who is over the age of 70 years		
6	To re-appoint Mr. N.J. de S. Deva Aditya who is over the age of 70 years		
7	To re-elect Ms. D.S.T. Jayawardena who retires in terms of Article 83 of the Articles of Association		
8	To authorise the Directors to determine contributions to charities		
9	To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration		

Signed this .... day of June Two Thousand Twenty One.

....
Shareholder's Signature/(s)

....
Shareholder's NIC / Folio No.

....
Proxy holder's NIC No.

Note : Instructions as to completion are noted on the reverse hereof

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

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.
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 appointor.
5. Duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to heshani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02, **not less than forty eight (48) hours before** the time fixed for the meeting.

Please provide the following details (mandatory):

NIC/PP/Company Registration No. of the Shareholder/s	: ....
Folio No.	: ....
E-mail address of the Shareholder/(s) **or** proxy holder (other than a Director appointed as proxy)	: ....
Mobile No.	: ....
Fixed Line	: ....

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Name (Optional) : ....

Address (Optional) : ....

....

Number of shares held (Optional) : ....

Please rate the following areas (where applicable) on a scale of 1 to 5 where 1 is the lowest to 5 being the highest	**Lowest** 1	2	3	4	**Highest** 5
1. Business Development					
a) Quality and presentation of the Annual Report	○	○	○	○	○
b) Usefulness of the information in the interim financial statements	○	○	○	○	○
c) Likelihood of the financial information in the Annual Report to influence investment decisions	○	○	○	○	○
d) Likelihood of the environmental information in the Annual Report to influence investment decisions	○	○	○	○	○
e) Likelihood of the social information in the Annual Report to influence investment decisions	○	○	○	○	○
f) Satisfaction with the risk management strategies of the Company	○	○	○	○	○
2. Corporate Communication					
a) Quality of Group communications appearing in traditional media (newspapers, radio, television).	○	○	○	○	○
b) Quality of Group communications appearing in emerging and new media (social media, web).	○	○	○	○	○
c) Satisfaction with the frequency and volume of Group communications appearing in mass media channels (newspapers, radio, television)	○	○	○	○	○
d) Accessibility and availability of information related to the Group in mass media channels	○	○	○	○	○
e) Quality of service and information provided at stakeholder contact channels (web, general line, front office/ reception)	○	○	○	○	○
f) Satisfaction with the contact channels available for queries and feedback	○	○	○	○	○
3. Human Resources					
a) Satisfaction with the conduct of Group employees	○	○	○	○	○
b) Competency of Group employees based on your recent interactions.	○	○	○	○	○
c) Access to HR related information	○	○	○	○	○
4. Sustainability					
a) Satisfaction with the strategies developed for economic sustainability	○	○	○	○	○
b) Satisfaction with the commitment of the Group towards environmental conservation	○	○	○	○	○
c) Satisfaction with the commitment of the Group towards social empowerment and community development	○	○	○	○	○
d) Ethical conduct of the Group in business activities	○	○	○	○	○

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Please tick more than one where applicable:

5. What areas of the following business activities are you interested in receiving more information regarding via Group communications?

a) Sustainability initiatives ○
b) Reporting processes ○
c) Internal operations ○
d) New business initiatives ○
e) Strategic investments ○

6. What channels of communication are preferred when receiving Group related information?

a) Web ○
b) Newspapers ○
c) Electronic media ○
d) Social media ○
e) Mobile ○

7. Out of the following, what areas of sustainability do you feel Aitken Spence Group should focus more on?

a) Energy ○
b) Water ○
c) Biodiversity ○
d) Waste management ○
e) Resource efficiency ○
f) GHG emission reduction ○
g) Social empowerment ○
h) Infrastructure development ○
i) Education ○

The completed Feedback Form could be emailed to info@aitkenspence.lk or mailed to the Group Company Secretaries at the Registered Office of the Company at No. 315, Vauxhall Street, Colombo 02, Sri Lanka.

Designed & produced by
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aitkenspence.com

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