FRUITION

EXPOLANKA HOLDINGS PLC
INTEGRATED ANNUAL REPORT 2020/21

FRUITION

At Expolanka, we remain fully committed to our promise made several years ago, to drive long term sustainable value, by adapting a focused, constant and consistent strategy. Even though the year under review post several challenges, we were able to pursue our said strategies and bring to fruition our plans for progress which was fueled by our innate resilience and strength. The seeds we planted have taken root and we keep our focus upward, expanding in our focused direction in order to adapt to the current environment. We remain fruitful in our optimism, our can-do attitude and endurance, a recipe for success that will carry us through to more opportunity.

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ABOUT US

Who We Are

Expolanka Holdings PLC is headquartered in Sri Lanka with interests in global logistics, travel & leisure and investments. The Group's reputation is built on a track record spanning over 40 years of excellence in serving its chosen markets. Moreover, Expolanka Companies are widely regarded as game changers known for their ability to seize potential opportunities for growth and innovation and thereby remain a cut above the rest.

"Building a great business with a dare to do spirit"

Our Values

- To always follow ethical business principles in transacting & managing business
- Caring for stakeholder's interests
- Commitment to Excellence
- Innovation & Entrepreneurship

ABOUT THIS REPORT

GRI 102-12, 102-46, 102-48 102- 49, 102- 50, 102- 51, 102- 52, 102-53, 102- 54, 102-56

In our 7th Integrated Annual Report, we continue to advocate the principles of integrated reporting. We believe that this approach has served us well in the past by providing the framework to report on the progress made by Expolanka Holdings PLC (Expo Group) in meeting the expectations of its stakeholders.

This report is prepared for the benefit of Expo Group stakeholders and as such contains information relevant to the way we create value for all key stakeholders, including our employees, clients, regulators and communities.

Our most recent integrated report for the year ended 31st March 2020, as well as the reports for the past 10 years are available on our website: www.expolanka.com.

Scope and Boundary

This report covers the period 01st April 2020 to 31st March 2021, which coincides with our financial reporting cycle. The report provides an overview of the primary activities of the Expo Group including strategy, targets and objectives as well as the key performance indicators for the year. Entities that are not operationally controlled by the Group are not included in the scope of this Integrated Annual Report.

To reflect the importance assigned to integrated thinking, the report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.

There were no significant changes from previous reporting periods in the scope and aspect boundaries, nor were there any restatements to the Annual Report issued in the previous reporting year.

Materiality

The principle of Materiality has been applied to define the content to be presented in this integrated report. Accordingly, the report captures the opportunities and challenges that have a Material impact on the Expo Group and its ability to be a sustainable business entity that consistently delivers value to shareholders, prospective investors and all other key stakeholders. These Material matters are described on page 28 of this report.

Reporting Frameworks

Our Integrated Reporting process, as well as the contents of this report, are guided primarily by the principles outlined by the International Integrated Reporting Council (IIRC) Integrated Reporting Framework <IR>. In the interest of greater transparency, certain sections of the report also refer to the Global Reporting Initiative (GRI) Standards ("Core" option).

The Corporate Governance section has been prepared in accordance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka, the Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange (CSE).The report further complies with Listing rules of the CSE.

Assurance

We employ a combined assurance model to assess and assure various aspects of business operations.

	Internal / External	Independent
Sustainability Reporting	X	
Corporate Governance	X	
Financial Reporting	X	X

Forward Looking Statements

This report contains certain forward-looking statements with respect to the financial condition and results of operations of Expolanka Holdings PLC, which by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include global and local economic conditions, competitive and regulatory factors etc. Consequently, the Expo Group does not undertake to review and revise any of these forward-looking statements at a later date.

Directors Statement of Responsibility for this Report

We the Board of Directors of Expolanka Holdings PLC acknowledge our responsibility for confirming the integrity of the Group's Integrated Report for the year 2020/21.

Reflecting on our operating context, strategy and value creation model, we believe this Integrated Report addresses all matters that have, or could have, a material effect on our ability to create value. We have applied our collective judgment in the preparation and presentation of information in this Integrated Report and are satisfied that the aforementioned reporting principles have been applied properly.

Feedback

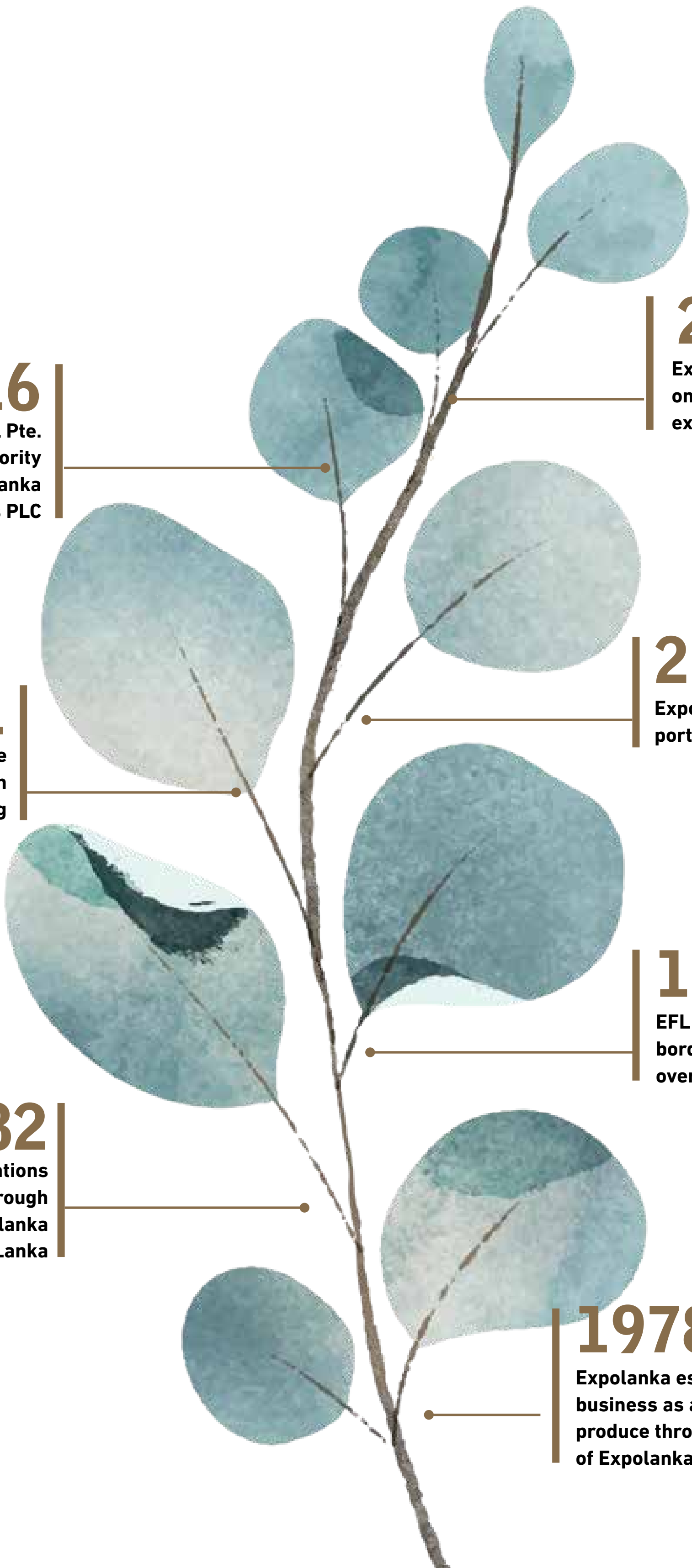
For further information or feedback please contact:

Mushtaq Ahamed
Director - Group Finance, Expolanka Holdings PLC
Address : 15A Clifford Avenue, Colombo 03.
Email : investor@expolanka.com

Scan QR code

www.expolanka.com

GROUP MILESTONES



2017-19
Expolanka focused on consolidation and expansion

2014-16
S G Holdings Global Pte. Ltd. purchased a majority shareholding of Expolanka Holdings PLC

2013-17
Expolanka restructured its portfolio

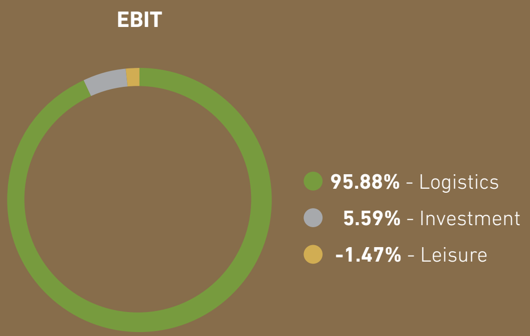
2011
Listed on the main board of the Colombo Stock Exchange via an Initial Public Offering

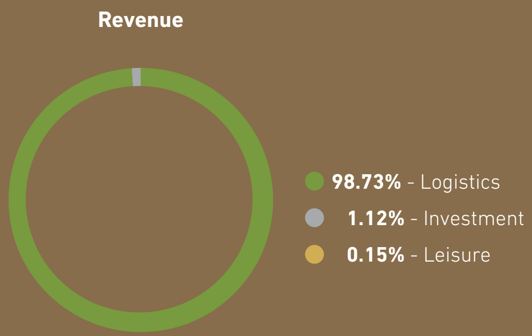
1993
EFL began operations beyond borders by establishing its first overseas office

1982
Expolanka started operations in the freight sector through the incorporation of Expolanka Freight (Pvt) Ltd – Sri Lanka

1978
Expolanka established its business as an exporter of fresh produce through incorporation of Expolanka (Pvt) Ltd

FINANCIAL HIGHLIGHTS





Revenue	Gross Profit	EBIT
218,735 Mn	38,431 Mn	16,952 Mn
112% ▲	100% ▲	2,205% ▲

PBT	PAT
16,585 Mn	14,880 Mn
5,821% ▲	3,498% ▲

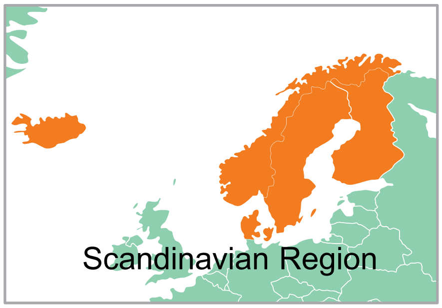
HIGHLIGHTS OF THE YEAR

Relief Packages Arranged for Those in Need – April 2020

At the start of the lockdown in Sri Lanka, EFL arranged relief packages for society and the community at large with distributions in the Western Province, UVA, Sabaragamuwa, Central, Northwestern and North Central Provinces within 48 hours.

EFL Extends Footprint to Scandinavian Region – April 2020

EFL setup its first operation in the Scandinavian Region with the launch of its Denmark office in April 2020. This expansion enables the company to further service customers and offer access to a truly global network.



New Workspace in Ho Chi Minh – June 2020

With the aim to expand our business footing in Vietnam, a new workspace was launched on the 29th of June at the Viettel Building located in Ho Chi Minh City. The new premise is equipped with modern facilities to create an innovative workspace for 60 EFL employees.

EFL Sri Lanka Supports Post-COVID Revival of Air Freight Forwarding – August 2020

EFL was among the first to start operating after the first lockdown in Sri Lanka in April 2020. In alignment with national objectives, EFL completed two shipments of general and perishable goods out of Mattala Rajapaksa International Airport (MRIA). This was carried out by converting incoming passenger repatriation flights with 25 tons of general cargo from Colombo, via Dubai to the European Union and the United States. Similarly, the team also facilitated the shipment of a further four tons of perishable fruits and vegetables supplied by YAS Lanka Ltd. to Oman on the 16th of August via Salaam Air.

HIGHLIGHTS OF THE YEAR

State of the Art Quality Inspection Center – August 2020

EFL Sri Lanka unveiled a state of the art 'Quality Inspection Center' for a global brand and leading manufacturer in Sri Lanka on the 06th of August '20. The facility is temperature and humidity controlled and equipped with a fully digitised product and information flow, monitored by real-time dashboards.

EFL India Facilitates 7 Dedicated Pharmaceutical Charters – September 2020

Between June to September 2020, the Indian team facilitated seven dedicated pharmaceutical charters which covered a broad spectrum of product shipments including vaccines, antiretroviral drugs, generic pharma and API's to support our business partners to overcome supply chain disruptions due to the pandemic. While the charters were a combination of B777, 737F and a 321 PCF's, the Indian team provided customer solutions to destinations such as Almaty, Cairo, Chicago, Yangon, Guarulhos, Jakarta, Johannesburg, Kathmandu, New York and Windhoek.

Revive Bundala Project Phase 2 - Stage 1– September 2020

The Phase 2 - Stage 1 of the Revive Bundala Project was carried out from October 2020 to January 2021. During this phase, a total of 25,000 trees were planted with the active participation of staff and representatives from the neighboring communities.

Zero Emissions Day – September 2020

As part of its commitment to enacting green logistics solutions and prioritising sustainability and consciousness in all operations, EFL marked September 21st – #ZeroEmissionsDay by neutralising all air freight shipments on the day.

EFL USA Introduces New Office in JFK – October 2020

The EFL team moved to a new office at the International Airport Center Blvd, Suite #800, Springfield Gardens, NY on the 20th of October '20. This new office location comes with a cargo facility that is a few steps away from the JFK airport and serves as an ideal location for cargo management.

Relocations Team Facilitates Successful Industrial Moves – November 2020

EFL Relocations fulfilled the transfer of key machinery and equipment of a leading apparel manufacturer using sate of the art techniques such as 'vapor barrier' and more during the months of October and November 2020. 300 machines were relocated from an industrial park in Sri Lanka to Hong Kong, and another 280 to Vietnam. The team also handled another project for a class-leading industrial safety equipment manufacturer from a prominent free-trade-zone in Sri Lanka to Karachi in Pakistan, towards the end of November 2020.

EFL to set Science-Based Targets on Reducing Emissions – November 2020

As part of its increased focus on sustainability, EFL marked another a milestone in its journey with an official commitment to the Science-Based Targets initiative (SBTi), a global project that aims to provide business leaders with the accountability framework they need to reduce their carbon footprint.

SBTi is a collaboration between CDP (formerly the Carbon Disclosure Project), the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World-Wide Fund for Nature (WWF). The initiative defines, promotes and showcases best practices on setting science-based targets to reduce emissions, and independently assesses and approves targets set by committed companies. EFL is the first logistics company and only the third organisation in Sri Lanka to make the SBTi commitment.

Classic Travel Partners Up with MyDoctor – December 2020

Classic Travel is the 1st travel agent in Sri Lanka to partner up with MyDoctor - powered by Dialog Axiata PLC. Through this initiative, Classic Travel offers their customers a complimentary 1-year e-healthcare subscription to a family of three, no matter where they are, for every air ticket purchased. Further, clients are eligible for free unlimited doctor-on-call sessions through its mobile app - which minimises the risk of visiting clinics & hospitals during the ongoing pandemic. MyDoctor is partnered with qualified Doctors and reputed pharmacies and medical institutes to offer a high-quality service.

EFL Sri Lanka Collaborates with CHA for Relief Efforts – December 2020

With many cities and communities undergoing isolation and lockdowns, EFL partnered with the Centre for Humanitarian Affairs (CHA) to support under-privileged communities located in the Western Province of Sri Lanka.

EFL Establishes their Presence in Canada – February 2021

EFL expanded its global footprint to Canada, offering logistics services across the region. The scope of services include freight forwarding, warehousing and value-added solutions to effectively and efficiently transport all types of cargo.

Expolanka Awarded for RPA excellence – January 2021

Expolanka Holdings PLC in partnership with ITX360 secured the "UiPath Automation Excellence Award for South Asia" at the 2020 Annual Reboot Work Festival organised by UiPath, the market leader in robotic process automation.

HIGHLIGHTS OF THE YEAR

Classic Travel Wins the Resilience Award at SLIM Brand Excellence Awards 2020 – February 2021

Classic Travel was awarded the Resilience Award at SLIM Brand Excellence Awards 2020. This prestigious ceremony was initiated to recognise and reward the outstanding efforts of businesses that withstood and overcame the challenges of COVID.

The stringent awarding process evaluated numerous areas, including the company's response to mitigate the impact of the pandemic on its internal and external stakeholders, how it minimised the impact of operating efficiencies across the organisation, its revised process and strategy, performance during the crisis and its business continuity plan for future calamities. This award is a testament to Classic's relentless resilience.

Classic Travel Recognised as a 'Great Place To Work' for the 6th Time – February 2021

Classic yet again received recognition as one of the 25 Best Workplaces in Sri Lanka at the Best Workplaces Awards Ceremony held by the Great Place to Work Institute. The award is earned based on the feedback provided by its employees in an anonymous survey and a culture audit covering nine Human Resource practice areas conducted by Great Place to Work in Sri Lanka. This further establishes Classic Travel's ability to maintain a healthy and balanced work culture.

EFL Partners with Spicejet & TOWER Cold Chain Solutions – February 2021

EFL entered into a strategic partnership with SpiceJet India and TOWER Cold Chain Solutions of South Africa as part of expanding capabilities and facilitating a variety of supply chain solutions from material procurement to delivery and distribution for an ever-expanding global and domestic market.

Pharmaceutical transportation requires solutions that range from ambient temperature to sub-zero conditions, and preserving these standards is a must to meeting the value chain's mandate.

TOWER Cold Chain Solutions provides a unique range of products that meet the needs of the pharmaceutical industry that are IATA approved. SpiceJet has a modern fleet of widebody and narrow body aircrafts with a reach of 54 domestic and 45 international destinations.


3PL Operations Receives SLS 1672:2020 COVID-19 Safety Management Systems Certification from SLSI – February 2021

EFL was awarded the SLS 1672:2020 COVID-19 Safety Management Systems Certification from the Sri Lanka Standard Institution (SLSI) for all its fulfillment centers and the Global Freeport making it the first logistic company in Sri Lanka to do so.

EFL 3PL's Safety First Policy identified critical operations and personnel, and restructured work arrangements remotely and at the office premises, while non-operational staff continued to operate from home post-lockdown.

Leveraging on advanced technology, EFL 3PL implemented its own home-grown digital dashboard and mobile application giving real-time insights across all facilities on the risk level, number of negative and positive cases, site wise and total number of PCRs and Rapid Antigen tests carried out as well as much more advanced real-time data.

EFL 3PL Sri Lanka & EFL India Acquire GDP Certification – March 2021

With a growing portfolio pre and post pandemic, EFL India - a leader of innovative logistics solutions received the 'Bureau Veritas GDP certification' recognised by IATA, for handling pharma consignments. EFL 3PL Sri Lanka, a key service provider for leading manufacturers, exporters and re-exporters from Sri Lanka, also received the 'Bureau Veritas GDP certification' for its state of the art facility in Sri Lanka, making them the first GDP certified 3PL service provider in Sri Lanka..

EFL and Etihad Cargo Deliver Vital Vaccines to Egypt – March 2021

EFL partnered with Etihad Cargo to carry a vital consignment of vaccines from India to Egypt. Leveraging Etihad Cargo's IATA CEIV certification for pharmaceutical logistics and capabilities to facilitate temperature-sensitive cargo shipments between +25^{0}C and -80^{0}C and EFL's CEIV and GDP compliance, the two entities collaborated to carry a consignment of 12,475,000 Tetanus and Diphtheria vaccine doses produced in India. Maintaining shipment integrity, EFL moved the vaccines from Mumbai to Abu Dhabi and finally to Cairo, utilising Etihad Cargo's Abu Dhabi International Airport, maintaining the required +2^{0}C to +8^{0}C temperature through collective logistics strengths.

International Womens Day – March 2021

As part of International Women's Day, EFL continued to recognise the invaluable contributions of all its team members with the theme of #ChooseToChallenge. The group continues to celebrate women's achievements and take action for equality, striving to create an inclusive and diverse organisation each and every day, while enforcing a zero-tolerance policy for workplace discrimination of gender.

CHAIRMAN'S MESSAGE

"FOR THE EXPO GROUP, I BELIEVE THE FUTURE HOLDS MUCH PROMISE. THE GROUP'S STRONG FOUNDATIONS, SOLID STRATEGY AS WELL AS THE RESILIENCE AND AGILITY OF ITS BUSINESS MODELS, WHICH PROVED TO BE VITAL IN BRINGING SUCCESS THIS PAST YEAR, WILL REMAIN THE KEY PIVOTS IN THE GROUP'S FUTURE GROWTH TRAJECTORY AS WELL."

Dear Stakeholder

It is with great pleasure and sense of honour that I present to you the annual report and financial statements of Expolanka Holdings PLC for the year ending 31st March 2021.

At the outset I would like to appreciate the hard work, effort and patience that was demonstrated by the leadership team and the entire work force, which enabled the group to rise against the challenges precipitated by the pandemic, to deliver the best ever outstanding results during the last financial year. This result is also a realisation and validation of our decision to adopt a growth based approach focused on our logistics sector, which has been the key driver of our business over the last several years.

Represented by EFL, The Logistics sector was the catalyst of the performance of the group. Thanks to our robust, steadfast and consistent strategies, EFL was able to perform exceptionally well producing a record breaking performance for the current financial year. Led by our North America operations, ably supported by our procurement functions, and with stellar contributions from each of our origins and all our other trade lanes, the entire EFL network banded together as one unified, global company in working tirelessly, enabling with a singular goal in mind to create value to all our stakeholders, including customers, partners, shareholders and employees alike.

EFL is essentially, a people business and our investments over the years to ensure we have the right people across our network in various roles and capacities, performing their responsibilities in the best and most efficient manner truly paid off this past year. I believe it was the strength of our people at EFL and our inherent dare to do spirit, that was the key driving force behind the success witnessed by the organisation during the year.

The Group's Leisure sector meanwhile took a pragmatic approach and redirected its attention towards building for the future. "Classic", the Group's iconic leisure brand focused its effort to become more efficient, leaner and undertook key restructuring initiatives to improve its internal efficiencies to tap into opportunities that will open up in time to come. Meanwhile, it is also very pleasing to note that the Investment Sector made satisfactory progress despite pandemic related constraints.

Governance and Stewardship

Throughout 2020, as business across the Group responded to the economic impacts from COVID-19, the Board continued to drive strong corporate governance and sound risk management at all levels of operation. At the outset we identified two key priorities; the safety and well-being of our employees and offering uninterrupted serviceability to customers in line with the Group's values. To support and meet both objectives, our fully functional BCP plan was put into action at the onset of the 2-month island-wide lockdown in Sri Lanka. At the same time, we took several proactive measures for the safety of employees following all health guidelines and strictly implementing best practices as stipulated by various health authorities in each of our jurisdictions. To facilitate an efficient work from home environment and ensure the well-being of our staff, the Group implemented remote working protocols, introduced a help desk systems to continuously engage with our staff, and organised emergency relief to assist employees to adapt to the situation. We also created a dedicated task force to oversee the implementation of COVID safety measures to protect the health and safety of employees across all our offices around the world.

As a Board, we continued to work closely with our leadership teams around the world to assess the consequences from COVID-19 and how it may have impacted our business. While we made certain tactical adjustments as part of our initial pandemic response, we realised that there was no requirement to make any major alterations to our strategy. Our nimble, agile, customer-centric approach came to the fore and we were able to focus on the implementation of our core strategic initiatives.

As always the Group's foundational values continued to underpin our commitment to doing business in the right way by acting lawfully and responsibly at all times. In fact, I believe it was the ideal time to showcase how the Expo Group lives up to its core values; "To always follow ethical business principles in transacting & managing business" "Caring for stakeholder's interests", "Commitment to Excellence", "Innovation & Entrepreneurship".

Throughout this past year, the Board focused on reinforcing and sustaining this culture across the business in order to encourage sound decision making while managing risk and upholding business ethics. The Board remained in constant touch with the leadership teams around the world, actively participating in the decision making process and providing guidance and inspiration to teams during these challenging times.

The Expo Group Board has always ensured to maintain good governance practices and believe that it augments the group's operations. Over the years we have estab-lished high corporate governance standards going beyond legal and regulatory frameworks and adopting with global best practices. As part of this commitment, the Expo Group's governance frameworks have been aligned to the rigorous governance standards of SG Holdings Global Pte Ltd - the Group's Japan-based parent, in particular the stringent internal control mechanisms and financial reporting principles of Japan's Financial Instruments and Exchange Act. The principles of good governance and transparency outlined by these standards have further strengthened the Expo Group's credibility this past year.

Sustainability Best Practices

Although much of our attention was directed towards steering our business through the pandemic, we did not lose sight of our sustainability goals. Since we at Expo consider sustainability a natural component and extension of our business, we view it holistically and continue to embed it into our operational framework to achieve a sustainable competitive advantage.

Our sustainability strategy encompasses a broad range of stakeholders including our business partners (customers & suppliers), our most vital asset which is our employees, the environment we operate in and the community. The sustainability strategies that we have adopted, cover each of the above areas.

As an organisation, we've made a commitment to enact green logistics to off-set carbon emissions and revive the planet. To realise this, we maintain constant stakeholder engagement, particularly our customers, in order to work together to prioritise sustainability and advance today's environmental and social needs. As a testament to these efforts, EFL was able to neutralise the carbon emissions of the shipments of its top 10 customers by undertaking to support a major renewable energy project in India. The project was undertaken, in lieu of World Zero Emissions Day 2020.

By aligning ourselves to the United Nations Sustainable Development Goals (SDG's) a few years ago and having gained a deeper understanding on how the Expo Group as a whole can make a meaningful difference, we were keen to maintain our focus on contributing to the SDG's that were most relevant in the current context. Further our commitment to the SDG's, we continue to encourage greater stakeholder engagement and seek out partnerships to add value to our efforts. Each employee is encouraged to embrace passion projects and learn more about being more conscious each day in sustainable ways.

Through the 'Global Goodness' project initiated by the company, we encourage our employees to be more mindful of the impact they leave on the environment and to participate in projects to advance SDGs in each country.

I am also very glad that despite the pandemic, we were able to proceed to phase 2 of the Revive Bundala initiative under EFL Sri Lanka's flagship, undertaking to replant and restore 600 acres of the Bundala forest

CHAIRMAN'S MESSAGE

reserve. Keen to ensure the project went ahead as planned, we mobilised the support of local communities to carry out planting. Almost 25,000 saplings were planted under phase 2. Combining both phases approximately 40,000 saplings, have been planted to date across approximately 100 acres of land.

Another key project launched under the Global Goodness initiative was the Play Pump Project in South Africa which aims to contribute towards SDG Goal 6. In the year under review, 6 more play pumps were restored across schools in the North Western Province in South Africa providing more than 2600 students and teachers and their local communities access to clean water.

Taking yet another major step towards advancing its sustainability agenda, EFL in 2020 committed to the Science Based Targets Initiative (SBTi) with the aim of setting science-based targets in line with the latest climate science to reduce our greenhouse gas emissions. With this new commitment, we now have a clear baseline target to work towards in aiming to reduce emissions across EFL's global freight operations.

Outlook and Prospects

The pandemic situation has created a new normal operating environment, where it has become increasingly difficult to predict when trading and operations across the world will return to pre-pandemic levels. Nonetheless, having weathered the initial shock and lived in this pandemic environment for over a year, the world as a whole is now more informed and certainly better equipped to deal with what lies ahead. On that note, I feel we can be optimistic that 2021 will mark the tipping point where we will see tangible improvements with respect to economic recovery.

For the Expo Group, I believe the future holds much promise. The Group's strong foundations, solid strategy as well as the resilience and agility of its business models, which proved to be vital in bringing success this past year, will remain the key pivots in the Group's future growth trajectory as well. The Group will look to build on the success that was achieved during the past year and focus on accelerating our growth plans - firstly to grow more firmly in our existing markets and businesses, and secondly to expand into new geographies of strategic importance. At the same time we expect to, further invest into our brand and strengthen our off balance sheet factors, to facilitate our growth journey. Let me also reiterate that the Expo Group will maintain its holistic focus to ensure each of the businesses continue to deliver sustainable value to shareholders, while strengthening their identity as a socially and environmental responsible organisations.

Change in Directorate

Three Directors - Mr. Naosuke Kawasaki, Mr. Motonori Matsuzono and Mr. Yoshifumi Matsubara resigned from the board of Expolanka Holdings PLC with effect from 30th June 2020. While expressing my sincere appreciation to each of them for their support and commitment extended to the Group during their tenure on the Board, I take this opportunity to wish them well in their future endeavors.

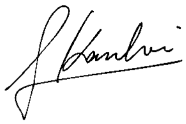
I would also like to welcome Mr. Ha Yo and Mr. Akira Oyama, both who were elected to the Board with effect from 1st July 2021.

I myself was elected to the Board as the Expo Group Chairman with effect from 01st July 2020. Having observed from afar how the Group has progressed these past few years, I eagerly look forward being part of the Expo Group's future for I firmly believe, the best is yet to come.

Acknowledgements

My appreciation to the Expo Group Board of Directors for their insightful leadership always. On behalf of the Board, I wish to thank the leadership team of the organisation, and all employees of the Expo Group across our network for their hard work, resilience and commitment in helping the Group to achieve its best ever results despite the challenges presented by the COVID-19 pandemic.

I would like to conclude by expressing my grateful thanks to the Group's shareholders for their ongoing support and to our customers for the opportunity to serve them. On behalf of the Board, I wish to assure you that the Expo Group will continue to strive to maintain your support and trust in the years ahead as well.



Mr. Hitoshi Kanahori
Executive Chairman

GROUP CEO'S REVIEW

"THE STRATEGY THAT WE ADOPTED HAS ENABLED THE COMPANY TO TRANSFORM ITSELF INTO A LEADING PLAYER IN THE GLOBAL LOGISTICS SPHERE AND THESE RESULTS WE SEE TODAY ARE AN OUTCOME OF THE CULMINATION OF THE DILIGENT, HARD WORK AND EFFORTS THAT HAVE BEEN PUT IN OVER THE LAST SEVERAL YEARS."

Dear Stakeholder

It has been a momentous and memorable year for the Expo Group. Demonstrating its true grit, determination, and a dare to do spirit the Group delivered outstanding results during the last financial year. This achievement is a realisation of our consistent, continuous strategy which we put into place in 2017 to grow EFL, our logistics business particularly in our core markets, where over the past three years, we have pursued a holistic and unified approach which enabled us to deepen our penetration in our focused operations. The strategy that we adopted has enabled the company to transform itself into a leading player in the global logistics sphere and these results we see today are an outcome of the culmination of the diligent, hard work and efforts that have been put in over the last several years.

Group Results

The Group posted a record revenue of Rs. 218.7Bn (YoY 112%) driven by the logistics sector. Guided by our proactive strategies on procurement & efficiencies, the Group was able to successfully navigate through challenging market conditions and deliver a Gross Profit of Rs. 38.4Bn (YoY 100%). The hallmark of our performance during the year was our constant attention to meeting customer demands, working closely with our partners, optimising our cash flows which enabled us to deliver a PAT of Rs. 14.8Bn.

Business Review

Having made a quantum leap to expand beyond our roots as a subcontinent-based freight operator, our rapid global expansion over the past three years, has propelled EFL to the forefront of the global logistics arena. It is therefore with deep sense of accomplishment that I acknowledge that EFL is now recognised among the upper echelons of the logistics industry in the world.

That being said, I am confident that it was our continuous investments into building our organisational infrastructure by strengthening our global sales teams, consolidating and growing our network origins to enhance global visibility of our brand, refining our procurement strategy while developing the spirit of our employees, has given EFL an edge over competitors. A cohesive effort spanning the entire organisation, including dynamic

GROUP CEO'S REVIEW

strategies by origin stations to ensure service delivery to customers in the most efficient manner complemented the initiatives led by the sales and procurement teams. It is also very encouraging to see EFL benefiting from increased wallet share from several of its key customers. This I believe is a reflection of the close customer relationships built over the years as well as the steadfast commitment shown by EFL to support its customers to overcome the pandemic related constraints.

An indication of the continued progress of our business was reflected in the volumes generated during the last quarter of the year, where our overall volumes for the 4th quarter surpassed the volumes reported in the same quarter of previous financial year.

From a trade lane perspective, the US trade lane operation remained the most active during the period under review contributing a significant share of our overall business operation. Our persistent and relentless endeavor to grow this trade lane through investments that we had made in the past is well reflected in the results that we see today. Being well placed in this market also enabled us to move with relative ease to accelerate new customer acquisition strategies as well as to make steady progress in capturing new customers across various verticals.

Complementing on the above strengths, we also made a conscious effort to grow our Far East business, which saw established markets such as China, Vietnam, Indonesia and Cambodia surge ahead with strong growth and new markets such as Malaysia and Taiwan displaying positive momentum. I am also pleased to note that our traditionally strong Indian subcontinent market performed exceptionally well, a further reflection of our strategic attention.

Despite the pandemic environment, the European Trade lane made satisfactory progress, particularly with our traditional businesses. Initial investments into Denmark and Belgium performed creditably during this period. We have long term aspirations in growing this market, which we feel will be a critical component of success in the future. The Intra Asia trade lane operations were somewhat muted during the year, understandably so given the reduced trade flows within the region. Nonetheless, we are very optimistic on the prospects of trade within this region.

While remaining agile and flexible, and adjusting our business operations and business model to meet the challenges of global disruptions to supply chain and staying true to our customer centric approach, allowed EFL to seamlessly pivot to opportunities available in the market. Furthermore, we were also able to leverage our relationships built over the last several years with carrier networks. These relationships which we had developed overtime along with constant engagement, careful planning, collaborative efforts supported by a data driven approach enabled us to secure capacity efficiently and optimise our procurement costs in challenging conditions. Meanwhile, focused efforts to broad base the carrier networks paved the way for EFL to augment its customer offerings through more flexible, bespoke solutions to meet customer demands. The Ocean Freight market too remained very dynamic and was impacted by container shortages and port congestions resulting in relatively higher rates. Despite lower capacity and higher rates, here too EFL was able to tap into its long term carrier partnerships, supported by proactive procurement strategies, to maintain a healthy profitability during the year.

While efforts to pursue organic growth in key stronghold markets delivered excellent results and helped EFL to significantly improve its captive market share, we also capitalised on the opportunity to diversify into new verticals in order to drive revenue growth and boost profits. The decision to diversify into selected verticals, forms part of a broader portfolio expansion strategy that we initiated in 2017 with the aim of enhancing EFL's industry presence across key business operations. Having already made some notable progress in the past, we were able to further accelerate our portfolio diversification strategy during the year owing to the reputation that EFL had built as a trusted, dependable forwarder and also the capability to service its customers efficiently inspite of the pandemic environment.

I am pleased to note that EFL was able to make sustained progress and gain a firm foothold in the Tech, Perishable, Pharma, Automobile verticals. EFL's multi origin network in 29 countries across the globe, once again made all the difference in facilitating these efforts. At the same time, we were able to secure several bulk shipments of PPE cargo and medical supplies mainly from EFL's origin stations in the Far East.

Another area that we focused on quite actively during this past year, was technology adoption to retrofit our front end customer interfaces to bring more end to end visibility to the customer and also standardise backend systems across the network. Determined to move ahead with our digital agenda as planned, we pushed through with the continued developments of our ERP platform across the network which was completed via a highly successful virtual roll out covering all EFL stations globally. With the infrastructure in place, EFL now has a solid foundation to provide a premier customer experience that includes integrated solutions coupled with increased visibility through the customers' entire transaction journey with EFL from shipment quote to delivery.

This past year has brought out the very best in our people. I am especially proud of how our employees around the world worked tirelessly to ensure that our operations continue to function, even amidst pandemic related limitations. The spirit and determination shown by each and every employee is, I believe a true manifestation of what Expo Group stands for; our values; the dedication to excellence, the willingness to innovate and our commitment to uphold stakeholder interest.. This show of strength and resilience has made it clear that we are indeed "one team pursuing one dream".

Even as we prioritise the expansion of EFL's global operations, sustainability remains a key strategic element in our overall growth agenda. We consider sustainability as an extension of our business and as such strive to holistically embed sustainability concepts into our operational framework. To make this a reality, our sustainability strategy encompasses a broad range of stakeholders our business partners (customers & suppliers), our valued employees the environment we operate in and the community. Working closely with our stakeholders we aim to better align our goals to take cognizance of the key environmental and social issues we all are faced with. Taking a significant step to advance its sustainability footprint, EFL in 2020 made a commitment to implement green logistics to offset carbon emissions from its freight operations. We made good on this commitment in 2020 by supporting a renewable energy project in India which enabled us to neutralise carbon emissions pertaining to shipments of our top 10 customers.

I am encouraged by how well our leisure sector has navigated its way through a very challenging year for the industry. Taking a longer term perspective, the sector adopted a more holistic approach by realigning its service portfolio and reorganising itself in order to transition into a more efficient, and leaner organisation. The business continued to prioritise the needs of customers above all else and true to its innovative nature, developed several new services & travel solutions to meet the needs of the hour. Past investments in digital technology has without a doubt been a significant advantage in creating solutions geared towards travel during a pandemic environment. Not content with these measures alone, we also ventured into domestic tourism quite aggressively in the year under review. This was a timely move that delivered some very encouraging outcomes that helped Classic Travel to tide over the difficult times. The sector had to undertake certain resizing initiatives, which were undertaken in a streamlined and responsible manner to safeguard the interests of all stakeholders.

Our efforts to remain resilient in the face of the pandemic, were recognised publicly, with Classic Travel being awarded the Restart Resilience Award under the Service Sector Large Category at the SLIM Brand Excellence Awards 2020.

Our investment sector businesses reported a satisfactory performance for the year under review amidst mixed results from the export businesses. Our IT solutions business ITX 360 made significant progress to deliver an outstanding results for the FY 2020/21

I would also like to point out that the constant support and guidance given by our parent company gave us a lot of confidence to move forward fearlessly with vigor and precision. By being able to access funds in an efficient and effective manner to fund our growth initiatives, we were able to further strengthen the Group's balance sheet.

Future Direction

All in all this past year has been remarkable in many ways. It has been a year of solid growth, where we saw the results of our sustained strategy over the past few years coming into fruition. The outstanding financial performance gives me reason to believe that the Investments and strategies adopted during the last several years along with our ability to demonstrate our strengths as a trusted, reliable and dependable logistics partner during the current year, has laid the foundation for the company to further expedite its growth initiatives into the future which will be holistically supported by Financial Capital, Human Capital and our strong technology platform. This gives me reason to be very excited for the future and growth of our Group in the future.

For EFL, the main focus in the next few years would be to firm up its presence across all its global stations and expand its footprint. In this regard, we expect to adopt a multipronged strategy to grow the customer base and increase captive market share. We expect our decision to move into the USA domestic logistics area will also give us the necessary leverage to position EFL as an end to end solution based supply Chain Company in North America. Going forward, we will also pursue several initiatives to grow our reach in the European market. EFL will look to leverage its strong brand presence, market acceptance and network operations to pursue potential opportunities in this market as it continues to recover. As always we will continue to work towards building on EFL's stronghold markets in Asia, while keeping a keen eye on emerging opportunities that complement EFL's strategic objectives. I expect our focus on digital technology adoption to also gather momentum as EFL strives to position itself as a key partner across all major global supply chain networks.

As Sri Lanka's travel industry moves towards greater consolidation with smaller players exiting the market over the longer term, I believe it will open up opportunities for larger players to gain captive market share in the future. Classic Travels will continue to focus on maintaining the highest standards of customer service and build on its core strength of being the most reliable travel partner in the industry.

This is only the start of our journey, and I sincerely believe that the Expo Group has much more to achieve over the next several years as we surge ahead with our growth plans. We will continue on our growth journey focusing on developing our infrastructure, further strengthening our competencies, expanding into new markets, deploying our technology competencies, attracting the right resources across to the organisation, all with the aim of delivering strong, sustainable returns to all our stakeholders

Appreciations

At the onset, I would like to extend a warm welcome to Mr. Hitoshi Kanahori, our new Chairman and my fellow Board Members, Mr. Ha Yo and Mr. Akira Oyama. I would also like to place on record my sincere appreciation to Mr. Naosuke Kawasaki, Mr. Motonori Matsuzono and Mr. Yoshifumi Matsubara who resigned from the board with effect 30th June 2020. They were part of the board since 2014 who greatly assisted and supported our growth journey.

I like to thank the Board for their insight vision, and leadership to enable the Expo Group deliver its best ever performance to date in the midst of a pandemic

Let me also take this opportunity to thank all our leadership teams and our employees around the world who have worked tirelessly under difficult conditions with sincerity dedication and commitment. I am immensely proud of the way in which you have risen to the challenge to do what is needed to support your respective companies in these unprecedented circumstances.

I am equally grateful for the ongoing support received from our customers, business partners and shareholders. This past year has only served to strengthen our ties which I hope will pave the way for us to work together to meet our stakeholder commitments whilst always being cognizant of the environmental and social responsibility.

Mr. Hanif Yusoof
Executive Director and Group CEO

BOARD OF DIRECTORS

Mr. Hitoshi Kanahori
Executive Chairman

A graduate in faculty of Commerce from the prestigious Keio University in Japan; Mr. Kanahori has deep experience in managing Asian business with a global presence, having worked in Japan, Hong Kong, Shanghai, Pakistan and Malaysia.

As the Executive Chairman of Expolanka Holdings PLC, Mr. Kanahori is based in Colombo, working closely with the Group CEO in the corporate strategy, governance and investments of the company. Prior to his appointment, for approximately 30 years, he was a member of the regional leadership team at MUFG Bank – the largest bank in Japan and ranked top 5 banks in the world in 2021 with assets of over USD 2.6 Trillion.

Mr. Hanif Yusoof
Executive Director and Group CEO

Mr. Hanif Yusoof is one of the founding members of the Group. He has been the cornerstone in building and expanding the Freight and Logistics sectors of the Group. He has served as President of the Freight Forwarders Association of Sri Lanka, in addition to being on the UN/ESCAP panel of trainers for freight forwarding. His entrepreneurship nature has led him to become a well admired industry professional and recipient of the "Asia Pacific Entrepreneurship Special Achievement Award" by Enterprise Asia 2013. His other achievements include being awarded in 2012, by the Central Bank of Sri Lanka for "Global Commerce Excellence" in light of contributions to the Sri Lankan economy. He also received "The Outstanding Young Persons" (TOYP) award in 1998. In 2013, he was among the ten individuals recognised by LMD magazine in their coverage of "Business People of the Year" and has also been consecutively listed among LMD's A-List in 2019 and 2020 in testament to his hard work and commitment towards developing the supply chain industry in Sri Lanka.

Mr. Ha Yo
Non-Executive, Non-Independent Director

Mr. Ha Yo Mr. Ha Yo is a Masters holder in Business Administration from Waseda University, Japan and holds 18 years of experience. He is currently the CEO of SG Sagawa AMEROID Pte. Ltd, Singapore and has gained specialised experience in the Sales and Marketing industry both in Japan and Singapore.

Mr. Akira Oyama
Non-Executive, Non-Independent Director

Mr. Akira Oyama, currently functions as the President of SGH Global Japan Co., Ltd. He started his illustrious career with Sagawa Express Co., Ltd in 1989. He has over 30 years of experience in the logistics business, having held several senior executive positions and directorship within the Sagawa Group.

Mr. Sanjay Kulatunga
Non-Executive, Independent Director

Mr. Sanjay Kulatunga is a Chartered Financial Analyst (CFA), Associate Member of Chartered Institute of Management Accounting (CIMA) and holds an MBA from the University of Chicago 'Booth School of Business'. Mr. Kulatunga has an established record as a founder and an Executive Director in industries ranging from Finance to Export manufacturing and is a member of the Board Of Investment (BOI) of Sri Lanka. He has also served in the Financial Sector Stability Consultative Committee of the Central Bank of Sri Lanka and the Securities Exchange Commission (SEC) of Sri Lanka. Mr. Kulatunga serves as a Trustee of the Geffory Bawa and Lunuganga Trust.

Mr. Harsha Amarasekera P.C.
Non-Executive, Independent Director

Mr. Harsha Amarasekera, President Counsel is a leading light in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law.

He also serves as an Independent Director in several leading listed companies in the Colombo Stock Exchange including Sampath Bank PLC, CIC Holdings PLC, Swisstek (Ceylon) PLC & Swisstek Aluminium Limited as Chairman and of Vallibel Power Erathna PLC as Deputy Chairman. He is also an Independent Non-Executive Director of Vallibel One PLC, Royal Ceramics Lanka PLC, Chevron Lubricants Lanka PLC, Ambeon Capital PLC and Amaya Leisure PLC. He is also the Chairman of CIC Agri Business (Private) Limited.

SENIOR MANAGEMENT TEAM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1 Mr. Senthilnathan Shanmugam
Group CEO - EFL Headquarters (Pvt) Ltd

Mr. Senthilnathan is a supply chain and logistics professional with over 35 years of industry experience. He directly oversees the management and operations of the global network and is also the Founder & Managing Director of India – the second largest market presence for EFL. A believer of digital transformation, Mr. Senthilnathan strives to infuse technology with human capital to enrich and deliver unparalleled business solutions that influence global commerce. While steering the organization towards greater heights as a leading global logistics and supply chain brand, he actively mentors and guides the next generation of leaders within the organization who will transform the industry through innovation, strategy and creativity. An avid reader, he pursues unity and universalism in his downtime.

2 Mr. Mushtaq Ahamed
Director - Group Finance, Expolanka Holdings PLC

Mr. Mushtaq Ahamed is an Associate Member of both the Institute of Chartered Accountants (CA) Sri Lanka and Chartered Management Accountants of Sri Lanka. He also holds a Bachelor of Science Honors degree in Business Administration (Finance Special) from University of Sri Jayewardenepura, Sri Lanka and also holds an MBA from University of Colombo. He has over 20 years of professional experience in financial reporting, mergers and acquisitions, corporate finance, governance, general administration and legal functions in number of different industries.

3 Mr. Shantanu Nagpal
Chairman - Investment Committee, Expolanka Holdings PLC and Non-Executive Director, EFL Headquarters (Pvt) Ltd

Mr. Shantanu Nagpal holds a Bachelor's degree in Philosophy Politics and Economics at Oxford (Chevening Scholar) and holds a MBA from INSEAD in France (Misys Scholar). He has been engaged in asset management and equity research industry for a period exceeding 20 years, gaining an extensive knowledge and experience by working as a Portfolio Manager of entities in Singapore and London such as UBS Asset Management, Ellerston Asset Management and Brevan Howard Asset Management.

4 Mr. Jagath Pathirane
Director / CEO - Expolanka Freight (Pvt) Ltd - Sri Lanka, Chief Administrative Officer of Expolanka Holdings PLC and Managing Director of Expolanka (Pvt) Ltd. & Tropikal Life International (Pvt) Ltd.

Jagath Pathirane is the immediate past Chairman of the Sri Lanka Logistics & Freight Forwarders Association (SLFFA). He is a member of the Advisory Committee on Logistics, of the Export Development Board (EDB) taking an active role in the National Export Strategy (NES) on Logistics Policy and Infrastructure Development of the country. He also sits in the advisory panel viz. National Advisory Council (NAC) on Logistics at the Ceylon Chamber of Commerce where he represents Expolanka Holdings PLC and Sri Lanka Logistics and Freight Forwarders Association (SLFFA) as a member of the Committee.

He serves in the committees of the Sri Lanka Shippers' Council, Lanka Fruits & Vegetables Association, European Chamber of Commerce of Sri Lanka - Transport and Logistics Market Access Team and as a High powered advisory council member to the Chairman of Airports and Aviation of Sri Lanka.

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He served as a Mentor at the Moratuwa University Mentoring Programme and has represented the company and the country at many national and international forums.

5 Mr. Saif Yusoof

Managing Director - Expolanka Freight (Pvt) Ltd - Sri Lanka, Classic Travel (Pvt) Ltd & I T X 360 (Pvt) Ltd

Mr. Saif Yusoof holds industry experience of over 10 years. He holds a Diploma in Business Studies and obtained a BBA from the Western Michigan University specialising in Integrated Supply Management. He also completed executive education at Harvard, INSEAD and MIT. He is a member of the Council of Supply Chain Management professionals.

6 Mr. Shiham Imamudeen

Chief Executive Officer - Classic Travel (Pvt) Ltd

Shiham Imamudeen is the CEO of Classic Travel - the spearhead of the Expolanka Leisure Group Cluster. His industry experience spans over 25 years and has greatly transformed processes at Classic Travel over the past 10 years. His accounting background and drive for innovation has paved the way for many company accolades in business excellence and employee experience.

He is a participant of the 'Enterprise Leadership for Transformation' programme awarded by the National University of Singapore. Through his Expertise in Strategic Planning and Technology, he established a new scope to the Leisure Group by automating finance processes, streamlining operational workflows, implementing internal compliance and risk management, and initiating company-wide welfare programmes to enhance the employee experience.

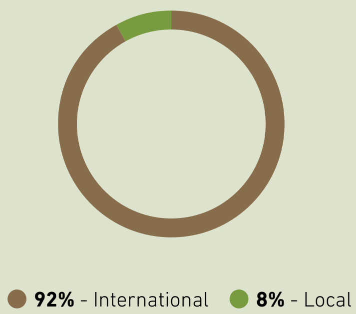
7 Mr. Kanishka Wijesinghe

CEO - EAM (Expo Airline Management)

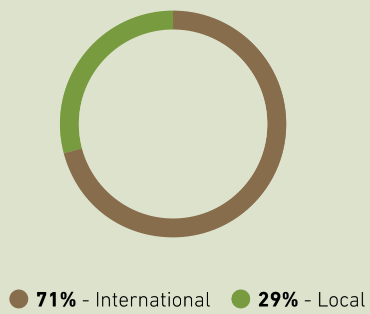
Mr. Kanishka Wijesinghe is a qualified Airline Marketing professional certified by IATA. He has obtained certifications in Airline Management, Marketing, Sales, Operations, Customer relations and in Human relations with several International Airlines. He holds a Fellow (FCMI) Membership award status - Charted Management Institute CMI- UK and Fellow (FSCM) Membership award status- Institute of Supply Chain Management IoSCM-UK. He is also a Certified International Supply Chain Professional (CISCP- USA). He has over 35 years' experience in the Airline industry and was a former President of the Sri Lanka Airline Cargo Association (SLACA).

FINANCIAL INDICATORS

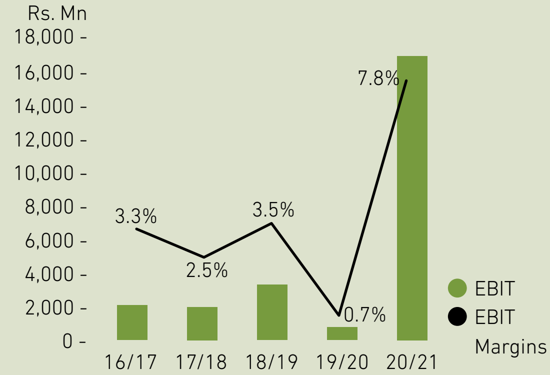
Revenue



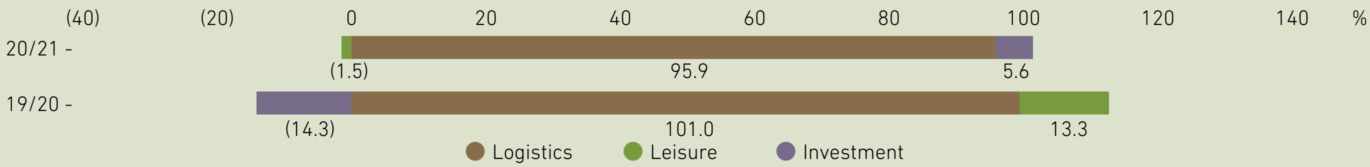
Net Profit



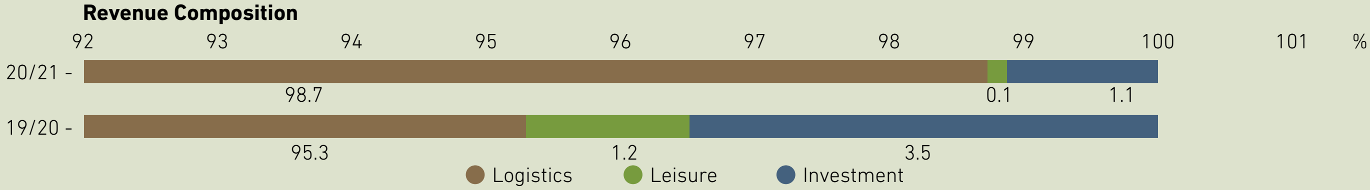
EBIT & EBIT Margin



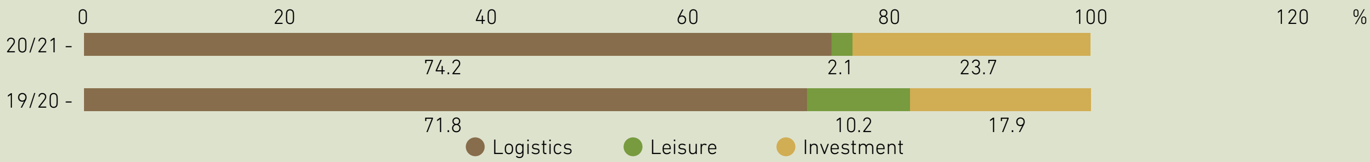
EBIT Composition



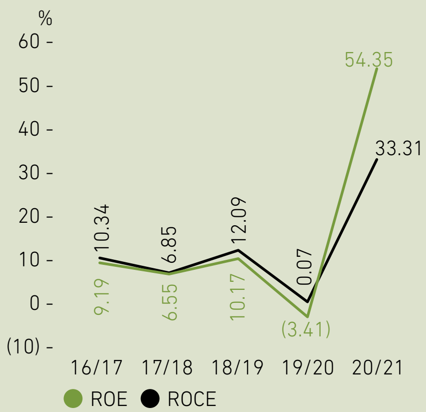
Revenue Composition



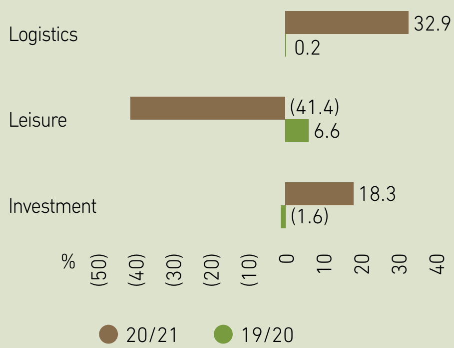
Finance Cost Composition



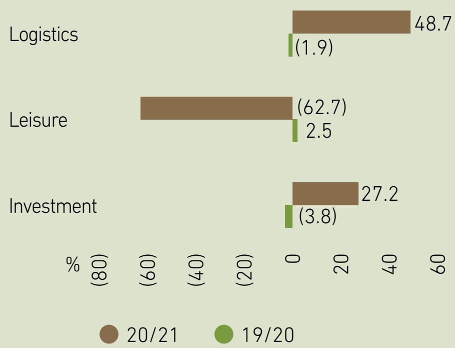
ROE Vs ROCE



Sector ROCE Comparison



Sector ROE Comparison



Above sector wise balances are before eliminating intra-segment transactions/balances.

GROUP PERFORMANCE

Description	2020/21	2019/20	Change	Comments
Revenue	218,735,345,230	103,245,670,749	112%	The exceptional revenue achieved during the year was driven by the logistics sector which was able to deliver a substantial performance amidst the pandemic environment. A constant strategy focused on customer intimacy, market expansion and vertical diversification enabled EFL the key brand within the logistics business to deliver a strong revenue during the year. The Air Freight product was the key driver of business during the year which witnessed a gradual return of base business, achieved amidst elevated freight rates. The Ocean Freight product too witnessed a strong pick up in volumes during the 2nd half of the Financial Year. The North America trade lane was the key driver of growth with strong contributions coming from all key origins, both in the Indian sub-continent market as well as the Far East Markets.
Gross Profit	38,430,917,038	19,182,682,746	100%	Growth in gross profit was largely driven by the growth in revenues. A proactive and efficient procurement strategy enabled the company to manage yields despite challenging market conditions. The company was able to work closely with all its partners to secure capacity which to meet customer demands efficiently. Furthermore, the company was also able to adopt to the changes in the business model, which were necessitated by the pandemic environment.
Overhead	(21,930,301,748)	(18,982,596,067)	16%	The Company has maintained overheads in line with the previous financial year. The primary result of the marginal overhead growth was due to non-recurring expenses incurred during the year. At the onset of the pandemic, the group took steps to minimise discretionary expenses and undertook several cost saving schemes. The Company has also placed continuous focus towards optimising technology and processes to drive a lean and efficient organisation structure
EBIT	16,952,207,484	735,423,582	2,205%	Significant improvement in Gross Profit with continuous overhead management, has resulted in a substantial improvement in Company's EBIT and EBIT margins.
Finance Charges	(367,260,544)	(455,321,572)	-19%	Notable decline in LIBOR rates coupled with strong negotiations and optimum borrowing structures which are supported by the parent company, enabled the group to reduce its finance cost despite increased borrowings.
Profit/(Loss) for the year	14,880,018,747	(437,936,349)	3,498%	Substantial improvement in Gross Profit and EBIT with optimised capital structures and favourable borrowing rates, have contributed tremendously towards the exceptional growth in PAT.
ROCE	33.31%	0.07%		Stringent cash flow management with improved EBIT, resulted in a substantial growth in ROCE
ROE	54.35%	-3.41%		The improvement in ROE has been driven by the significant growth in PAT, together with optimum resource allocation and planning.

OVERCOMING COVID-19 CHALLENGES

The onset of the pandemic led to businesses grappling with a myriad of challenges, on a global scale including:

- Ensuring employee safety & community engagement
- Conducting effective business operations within a lockdown environment
- Overcoming business challenges due to disrupted supply chains

Expolanka adopted a holistic multi-pronged approach to successfully navigate through the challenges mentions above and built a framework to conduct business effectively, amidst the 'new norm'.

Employee Safety & Community Engagement

Strategy

1. With employees considered the most vital asset of the organisation, the Company gave priority towards their safety and protection.
2. Took pre-emptive steps to adopt a 'work from home' operating environment.
3. Established a central COVID response team (consisting of the central core leadership within the company) to address employee-related challenges.
4. Adopted a proactive communication & awareness campaign to address several areas including safety tips, back to work policies, preventive measures, guidelines & vaccination drives.
5. Undertook voluntary, extensive PCR testing across the Group to ensure that employees were not at risk, whilst at work.
6. Provided relief and aid to staff and family members impacted by the pandemic.
7. Supported communities mostly impacted by the pandemic by providing relief and aid to relevant communities within our operations.
8. Established dedicated hotline to provide counselling while ensuring employee well-being.

Conducting Effective Business Operations within a Lockdown Environment.

Strategy

1. Implemented BCP plans to ensure uninterrupted business operations for customers & business partners.
2. Continued physical operations (when required) with essential workforce based on pre-approved and designed bio-bubbles.
3. Enabled digital infrastructure capabilities to ensure seamless integration with on-site workforce.
4. Early adoption of best practices under WFH environment – EFL's global operations enabled the company to plan the operational rollout efficiently and effectively.
5. Workplace safety was further extended via adoption of non-pharmaceutical measures including protective clothing, thermal cameras, and various other methods.

Overcoming Business Challenges due to Disrupted Supply Chains.

Strategy

1. 'Agile, Nimble & Flexible' remain the hallmarks of Expolanka's DNA, these attributes served the company well, despite the challenges faced in a dynamic business environment.
2. Despite an initial reduction in business, gradual recovery strategies were exercised, during the year.
3. Initiating a value-added and customer-centric approach enabled Expo to attract new business opportunities.
4. Providing effective and efficient solutions to meet demand for emergency medical supplies from all origins.
5. Developing a business task force who worked closely with all stations and network partners to ensure seamless delivery of business.
6. Adopting new business models and operating frameworks to meet the needs of a dynamic supply chain environment, successfully.
7. Initiatives to reduce costs and discretionary expenses.
8. Board level engagement on a regular basis to ensure business operations are conducted effectively.
9. Expediting a digital rollout to enhance customer visibility & internal efficiencies.
10. Voluntary salary reductions undertaken, during the 1st quarter, which were later re-instated by the Company.

GROUP STRATEGY

Pursuant to a comprehensive portfolio restructure exercise, Expolanka embarked on a growth based strategy firmly anchoring its business on two key units, Logistics & Leisure. The core emphasis on the strategy is aimed at creating value for all stakeholders.

The strategic approach adopted by the company was to expand its logistics business, represented by EFL by leveraging on its current infrastructure and capabilities. Broad basing its customer portfolio, focusing on its internal efficiencies, extending its service portfolio to operate as a fully-fledged supply chain solution company and enabling the operations through its digital platform.

This ambitious plan was initiated in 2017, which was aimed at broadening customer portfolio, expanding its operating verticals, and growing its Far East operation. The undiluted focus of the organisation was directed towards achieving the above objectives, and the company in a short span of 3 years made significant inroads to achieve the stated objectives, resulting in a tectonic change in the organisation profile of the company. The investments made has paved the way for the exceptional results that has been seen by the company during the current year.

The realisation of the above initiatives was due to the unstinted support extended by the parent company in providing strategic guidance facilitating required funding in an effective manner, which enabled EFL to expedite the implementation and execution of these plans.

The company adopted a differentiation based approach to its leisure business, Classic Travel which grew from a Corporate Travel company over the last several years to a more comprehensive travel solution company offering a varied range of innovative, experiential travel solutions.

The focused, consistent and continuous strategic approach has enabled the organisation to deliver extremely successful results during the current year propelling EFL to be positioned as a leading Logistics company in the world. The global pandemic which disrupted operations indeed expedited delivery of some of the long term initiatives identified by the company, further crystalising the overall direction of the organisation.

Despite the changes taking in the market, the company will look to continue its strategic journey on the above strategic theme whilst adopting to market challenges, albeit much more strongly supported through its digital platform and offering.

Whilst the Group continues to focus on its core operations, attention will continue to be given to restructure its Investment sector with more clarity in direction and delivery.

Expanding Revenue	Growing Profits	Optimising Returns	Sustainable Operations with an Efficient Portfolio geared to create value
Sectors	**Logistics**	**Leisure**	**Investment Sector**
Strategic Value Drivers	⦿ Consolidating & Strengthening Trade Lanes ⦿ Broad-basing Customer Portfolio ⦿ Service Portfolio Expansion ⦿ Efficiency Improvement & Margin Management ⦿ Developing Network Infrastructure ⦿ Strategic Investments ⦿ Technology Adoption ⦿ Working Capital Management ⦿ Expanding Industry Presence ⦿ Further Growth and Strengthening of Key Strategic Origins ⦿ Leveraging Brand to Create Value to all Business Partners ⦿ Establishing Specialised Resourcing Skills to Drive Growth Initiatives	⦿ Service Portfolio Enhancement ⦿ Retaining Market Leadership Position ⦿ Enhancing Value Added Services including Pandemic Related Services ⦿ New Customer Acquisition ⦿ Optimise End-To-End Serviceability ⦿ Specialisation In Identified High-Growth Verticals ⦿ Technology-Driven Service Mode	⦿ Focusing on Higher Yielding Less Volatile Product Portfolio ⦿ Improving Efficiencies in Procurement and Capacities ⦿ Extending Brand Presence in Market ⦿ Re-organising Tech Portfolio to Meet Current Market Demands

GROUP STRATEGY

Our Supply Chain
GRI 102-9

Through its operations in the Logistics, Leisure and Investments sectors, the Expo Group maintains ties with a diverse network of suppliers and service providers. As part of the sustainability framework, we actively work with all suppliers to improve the sustainability of the supply chain. This is mainly the case in the Logistics sector where we partner with carriers to meet the demands of our customers.

Significant Changes in the Supply Chain
During the current financial year, the Group experienced a few minor changes to its supply chain with the inclusion of new suppliers and exit of others. However, these changes did not have a material impact on the Group's overall supply chain.

Significant Suppliers	Logistics	Leisure	Investments
Airlines	✓	✓	
Shipping Lines	✓		
Transporters	✓	✓	✓
Warehouse & Office Space Providers	✓	✓	✓
Equipment/Machinery & Spare Parts	✓		✓
Fruit & Vegetable Farmers			✓
Hotels		✓	
IT Equipment & Services	✓	✓	✓
Packaging Material	✓		✓
Printers	✓	✓	✓
Coconut Suppliers			✓

Membership and Associations
GRI 102-13

Expolanka Holdings PLC
- Corporate Social Responsibility - Sri Lanka (CSR - SL)
- Biodiversity - Sri Lanka

EFL (Expolanka Freight (Pvt) Ltd)
- American Chamber of Commerce in Sri Lanka
- Air and Ocean Partners (AOP)
- Clean Cargo Working Group (CCWG)
- European Chamber of Commerce
- Global Logistics Emissions Council (GLEC)
- International Federation Freight Forwarders Associations (FIATA)
- International Air Transport Association (IATA)
- United Nations Global Compact (UNGC)
- Sri Lanka Freight Forwarders Association
- World Cargo Alliance (WCA)
- Sustainable Air Freight Alliance (SAFA)
- Green Freight Asia (GFA)

Expolanka (Pvt) Ltd
- National Chamber of Exporters
- Ceylon Chamber of Commerce
- Sri Lanka Fruits and Vegetables Producers, Processors and Exporters Association
- Sri Lanka Coconut Products Traders Association
- Sri Lanka Exporters Association

Classic Travel (Pvt) Ltd
- International Air Transport Association (IATA)
- Travel Agents Association of Sri Lanka (TAASL)

Certifications
Expolanka Freight Ltd
- Certified Customs - Trade Partnership Against Terrorism (c-TPAT)
- ISO 9001:2008 Quality Management systems certification - SGS United Kingdom
- ISO 14001 - Environmental Management Systems
- Leadership in Energy and Environmental Design (LEED) - GOLD
- OHSAS 18000: 2007 Occupational Health and Safety Management Systems.

Expolanka (Pvt) Ltd
- Organic EU (European Agricultural Standards)
- USDA (United States Agricultural Standards)
- Halal Certification for Desiccated Coconuts
- SGS Certification for Coconut Water

DESPITE THE OBSTACLES WE GOT OFF TO A RUNNING START IN THE MIDST OF A NEW NORMAL

SUSTAINABILITY STRATEGY

The Expolanka Group sustainability strategy has been developed in line with the Group's vision for the future and also taking into account the UN SDG expectations from corporates. On this basis, the Expo Group Sustainability Strategy seeks to ensure sustained and sustainable value creation for all stakeholders through greater accountability, not only towards financial growth, but also towards the environment and wider society. This vision is cascaded down to all Group companies and is operationalised at all locations through a framework of strategic drivers. Our core business and the largest economic entity within the Group - EFL plays a key role in the Group's sustainability strategy.

The sustainability focus for the year under review was to ensure the Group supports the needs of customers, employees, communities in the current pandemic environment while staying on course with the broader objectives of the SDG's.

Sustainability Governance

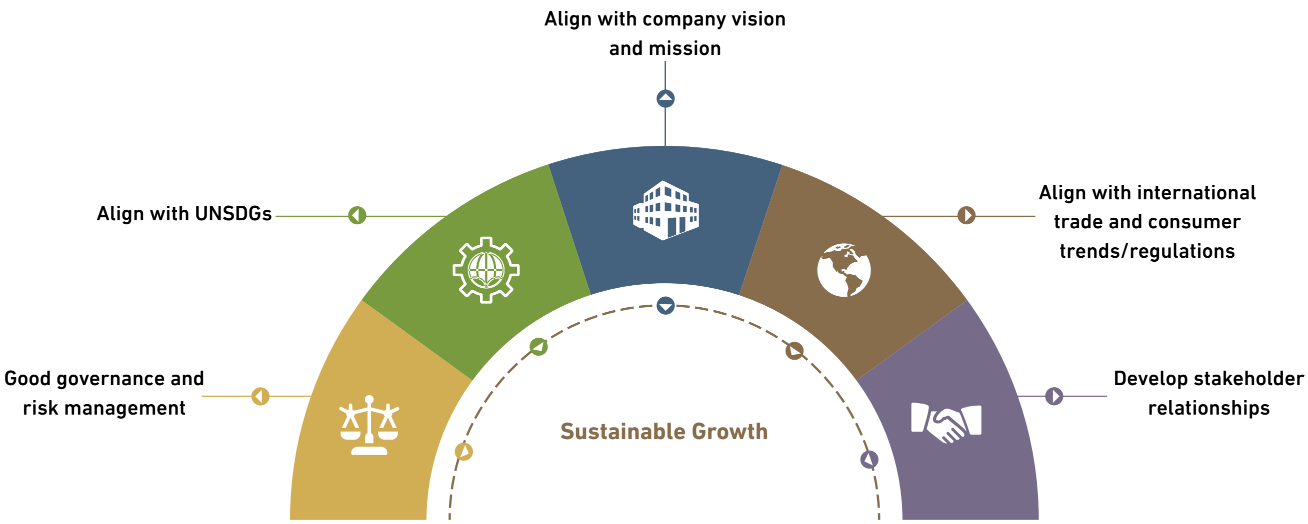
GRI 102-18

An Integrated Sustainability Governance structure provides oversight for the execution of the Expo Group sustainability strategy in line with globally accepted best practices.

At the highest-level, the Chairman and Group CEO provide stewardship and guidance of the Group's sustainability policy and strategy while the Group sustainability and CSR team headed by the Global Lead - Sustainability who is tasked with implementing the Group's corporate sustainability agenda at an operational level. As part of their duties the Group Sustainability and CSR team is also required to identify, assess and monitor emerging sustainability risks and opportunities that may have an impact on the Group over time, and advise the Group's leadership regarding necessary actionable initiatives.

The team is further required to maintain a transparent reporting framework that provides stakeholders with information regarding the progress made in achieving sustainability goals.

Strategic Drivers



MATERIAL TOPICS AND TOPIC BOUNDARIES

GRI 102-46, 102-47

Identifying Material Disclosures

The material topics selected for disclosure in this report were decided by the senior Management, under the guidance of the Group CEO.

Material topics are determined by:

1. Developments in the immediate operating environment
2. Concerns raised through the ongoing risk horizon scan
3. Identifying general expectations of stakeholders

Topic boundaries are defined in the process of understanding what clusters are impacted by the identified material topics and to what extent. These material topics are then matched against disclosures of the GRI standards.

List of Material Topics, Topic Boundaries and Management Approach

GRI 102 – 47/103

GRI Disclosure	Description	GRI 103 Management Approach Disclosures		
		GRI 103-1 : Why the topic is material and topic boundary	GRI 103-2 : Management Approach	GRI 103-3 : Evaluation of the Management Approach
201	Economic Performance	The Expo Group has a wide network of stakeholders that benefit from the economic value generated. These include but are not limited to ◉ Shareholders ◉ Employees ◉ Different governments that receive tax payments ◉ Customers ◉ Suppliers	A formal investor policy is in place regarding dividends and shareholder returns. Annual budgets and financial targets are linked to midterm strategies and takes into account the distribution of economic value among stakeholders. All financial policies and decisions require prior Board approval.	The internal control system to evaluate financial risk management via : 1. The Board Audit sub committee 2. The Internal audit division 3. Periodic internal audits 4. Annual external audits 5. The new ERP system that offers greater financial transparency
202	Market Presence	Expo Group companies comply with all labour laws and also believe that taking care of employees will motivate them. The topic boundary is our employees at all levels in all our offices.	The Group has a Board approved policy on human resources which covers benefit plans and recruitment. The Group also has a full time compliance officer to ensure company policies comply with labour laws in different countries.	We set and monitor performance targets for each employee and conduct annual performance evaluations. These activities indicate the level of employee satisfaction and effectiveness of our approach. Further, the Group has not faced any fines or penalties for non compliance of labour laws in any country that we operate, which indicates the legal effectiveness of our system.

MATERIAL TOPICS AND TOPIC BOUNDARIES

GRI Disclosure	Description	GRI 103 Management Approach Disclosures		
		GRI 103-1 : Why the topic is material and topic boundary	GRI 103-2 : Management Approach	GRI 103-3 : Evaluation of the Management Approach
205	Anti-corruption	We deal with many regulatory authorities and bodies and we aim to promote best practices in all these dealings.	The key driver in this regard is "Pledge", the Expo Group Code of Conduct, a comprehensive document that offers guidance on Conduct in the workplace, covering such matters as human rights, safety, whistle blowing etc. The "Pledge" also includes specific procedures to prevent conflict of interest, bribery and corruption and also covers post-termination procedure in order to protect the information security and confidentiality. All Group employees are required to sign the "Pledge" document to confirm their agreement of the Group's policies and procedures.	We conduct regular due diligence audits to verify compliance with the conditions outlined by the "Pledge"
305	Emissions	With core business interests in logistics and leisure, the Group's activities are primarily service-oriented and have a significant direct impact on the environment.	The Expo Group has a formal Board approved policy indicating its commitment towards environmental sustainability for all operations anywhere in the world.	The annual audits carried out under ISO 14064 guidelines help determine the emissions of the Sri Lankan Logistics sector and the Group looks forward to extend this practice to its global operations.
306	Waste by type and disposal method	The Group's core businesses is highly paper-intensive and as such generates large volumes of paper waste on a daily basis.	The Group has a strict policy on paper use alongside a focused effort to invest in process digitalisation. We have a commitment towards responsible disposal of waste where all paper waste is sent for recycling.	We monitor and measure our paper consumption annually.
307	Non-compliance with environmental laws and regulations	This would directly impact the Company's reputation, brand image and will also impact employee and shareholder benefits through fines and loss of licenses.	We strive to minimise and mitigate the impact of the Group's operations on the environment in a sensible, innovative and legally compliant manner.	We have not faced any fines or penalties for non compliance of environmental regulations in any country that we operate, which indicates the legal effectiveness of our system.

GRI Disclosure	Description	GRI 103 Management Approach Disclosures		
		GRI 103-1 : Why the topic is material and topic boundary	GRI 103-2 : Management Approach	GRI 103-3 : Evaluation of the Management Approach
308	Supplier Environment Assessment	The credibility of our supply chain affects the Expo Group's ability to achieve its sustainability objectives.	We have incorporated social and environmental criteria into our supplier screening process.	We are hoping to evaluate and rate our suppliers based on the responses received.
401	Employment	As a service organisation, employees are among the Expo Group's key assets.	We strive to create a robust work environment where employees are challenged with meaningful and rewarding work that enables them to grow professionally and personally.	Performance of Employees is measured during performance evaluations.
403	Occupational Health & Safety	Creating a safe working environment for employees increases employee motivation and builds loyalty.	Health and safety committees are set up in all our operational locations. Health and safety training is mandatory and is conducted annually.	All health and safety related incidents are monitored at all operational locations and reported.
404	Training and Education	We believe training contributes towards competitiveness and our training programmes target all employees in all our operational locations.	Skill gap analyses are conducted annually at all operational locations. Training is scheduled with the best resource personnel	Effectiveness of our approach is measured through the annual performance evaluation.
405	Diversity and Equal opportunity	As a global entity we believe diversity is a component of sustainable business and our policy applies to our employees as well as the communities in our operating locations.	As an equal opportunity employer, the Expo Group has a formal Board approved policy to ensure recruitment is based purely on merit.	Monitoring of Gender balance across all operations.
406	Non-Discrimination	We are committed to providing a work environment free of Discrimination throughout our Group.	In keeping up with the Non-Discrimination policy throughout the Group we do not tolerate any Discrimination or harassment on the basis of religious belief, ethnicity or any other status protected by Law An open door policy supports efforts to address grievances including issues pertaining to discrimination.	All grievances and complaints are recorded and monitored.

MATERIAL TOPICS AND TOPIC BOUNDARIES

GRI Disclosure	Description	GRI 103 Management Approach Disclosures		
		GRI 103-1 : Why the topic is material and topic boundary	GRI 103-2 : Management Approach	GRI 103-3 : Evaluation of the Management Approach
408	Child labor	In Sri Lanka child labour and forced labour are illegal. Hence, this does not impact Sri Lankan suppliers. In any part of the world, our operations have not been subject to human rights reviews.	The Expolanka Board policy is in total legal compliance. Therefore, although we do not have a formal mechanism to regulate suppliers, we do not deal with any suppliers with a reputation for child labour, forced labour or compulsory labour.	To date, we have not faced any legal action or received any complaints on Child Labour.
409	Forced or compulsory labor			
412	Operations that have been subject to human rights reviews or impact assessments			
413	Local community	The Expo Global SDGs programme has been launched to uphold our pledge of sustainable growth. Our local community actions have beneficial impacts on communities in our operational locations around the world.	The Expo Group has adopted a formal Board policy to commit to the UNSDGs.	Our approach is evaluated by our partner organisations such as the UNGC.
414	Supplier Social Assessment	The credibility of our supply chain affects the Expo Group's ability to achieve its sustainability objectives.	We have incorporated social and environmental criteria into our supplier screening process.	We are hoping to evaluate and rate our suppliers based on the responses received.
416	Customer Health and Safety	The health and safety impacts of products and services have an internal boundary of our employees and an external boundary of our customers and local communities.	The Expo Group is in full compliance with all health and safety regulations in all our operational locations.	We monitor customer feedback regarding health and safety and also monitor legal concerns.
418	Customer Privacy	The potential impact on our brand reputation can have a detrimental impact on the Group's financial performance and long term growth prospects.	We invest in full time legal experts to advice the Board and management.	We monitor all customer feedback, media reports and community feedback.
419	Socio-Economic Compliance	The potential impact on our brand reputation can have a detrimental impact on the Group's financial performance and long term growth prospects.	The Expo Group policy is in compliance with all applicable regulatory frameworks in all our operational locations.	We monitor customer feedback regarding socio-economic concerns and also monitor legal concerns.

STAKEHOLDER ENGAGEMENT

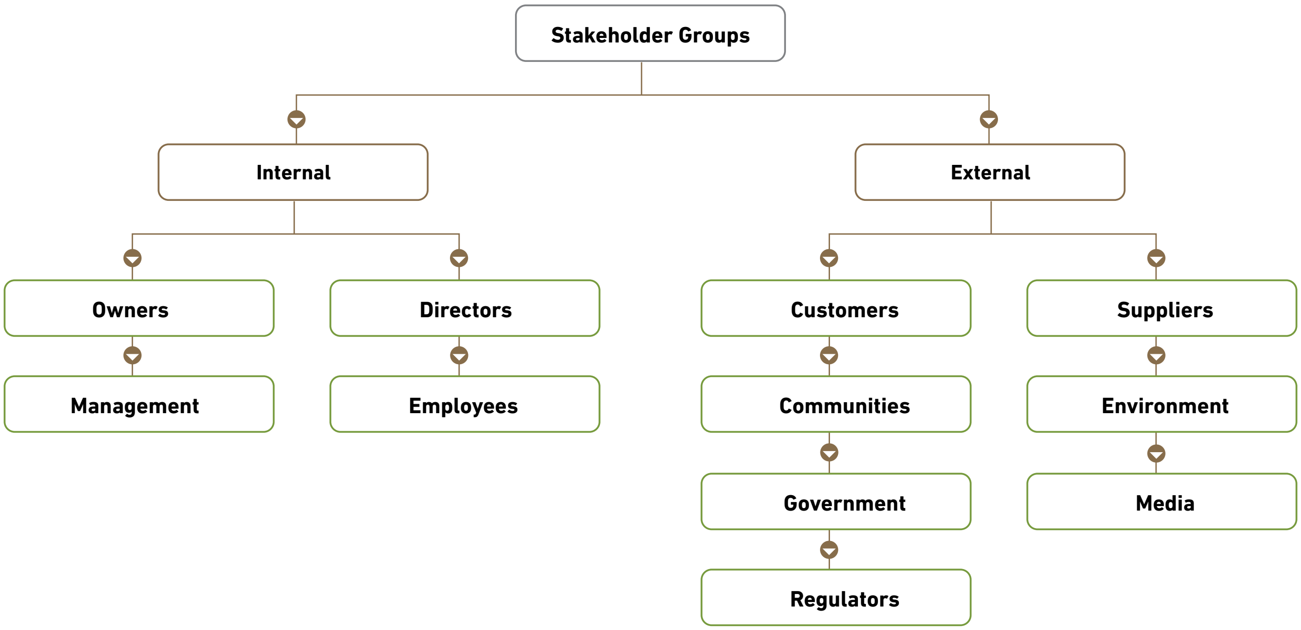
Stakeholder Engagement has proven to be a powerful tool that has continued to make a strong positive contribution to all our businesses. We find that engaging with our stakeholders on a continuous and ongoing basis gives us access to outside opinions in our business, enabling us to continuously examine our actions and make necessary improvements to improve key stakeholder deliverables.

Moreover, by understanding and responding to their concerns quickly and effectively not only earns shareholder trust, but also enables the Group's various businesses to improve their competitive position in their respective markets.

List of Stakeholder Groups

Given below are the internal and external stakeholder groups that the group deals with.

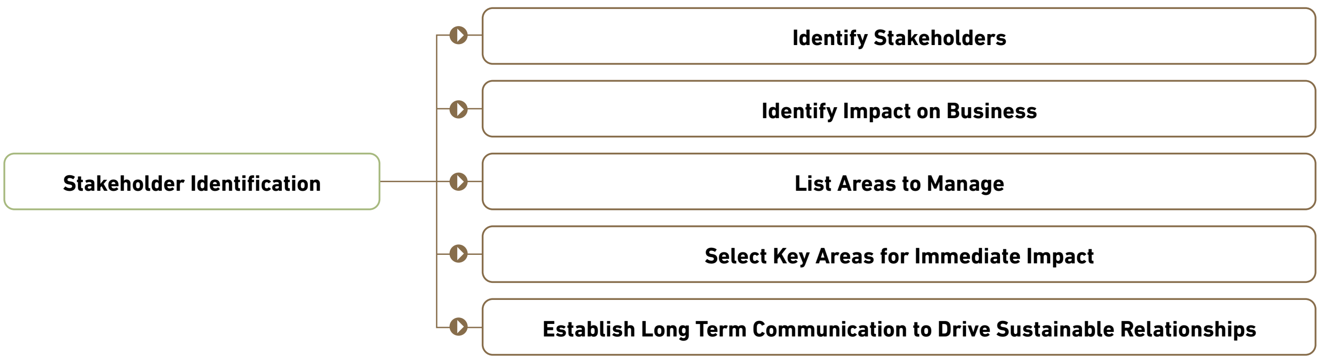
GRI 102-40



Identifying and Selecting Stakeholders

GRI 102-42

We have adopted a structured approach to engage and involve stakeholders that allows us to build long term relationships. As part of the engagement process, we have established the following framework to identify stakeholders that we should engage with, based on their potential impacts on the company.



STAKEHOLDER ENGAGEMENT

Stakeholder Engagement

GRI 102-40, 42

Stakeholder	Sustainable Business objectives	Method of Engagement	Key Topics/Concerns/Issues	Response
Regulators	• Ensure full and timely compliance with all regulatory directives, at all operational locations, to eliminate risk of non-compliance penalties, loss of licenses and negative reputational impacts.	• Maintain and submit relevant documentation to relevant authorities. • Maintain operational transparency • Maintain international good governance practices.	• No concerns	• Group Legal Team handles queries related to global regulative issues.
Investors	• To meet the confidence of the current & potential investors and maintain a balance between profits and the ability to sustain a long term, stable stream of earnings.	• Annual General Meeting • Investor Relations Team • Group website • Email access to management team.	• Better interaction • Enhance financial returns and investor wealth creation.	• Presentations to potential and current investors periodically. • Improved interactive website. • Regular email feedback of performance to investors who request same. • Implement best management practices to improve returns.
Customers	• To play the role of partner in the business success of customers. • To always serve customers with passion and dedication.	• Customer relationship management • Meetings with Senior Management • Daily interactions at operational level. • Social events	• To enhance customer business outcomes through the offer of synergies drawn through business solutions. • Responsive interaction	• Dedicated customer response/account management teams. • Customer-specific service adaptations and customisations. • Overseas offices in 29 countries with stand-alone, liaisons and remote offices to enhance customer response. • International JV's and Strategic partnerships to offer greater value.

Stakeholder	Sustainable Business objectives	Method of Engagement	Key Topics/Concerns/Issues	Response
Employees	• To foster a diverse talent pool that delivers superior and efficient performance whilst ensuring that such efficiency is not achieved at the expense of work-life balance, ethics or corporate values.	• Open door policy for communication throughout the Group - daily • Round Table discussions • Cross functional committees • Video conferencing • Performance Reviews • Online training modules and systems - ongoing • Grievance handling procedure • Online systems for HR and Training, Measurement and management of Key Performance Indicators • Employee suggestion schemes	• Getting the right - work life balance. • Creating greater interaction amongst employees of all sectors for Group affinity. • Cross functional aptitude across sectors. • Inspiring Employees to innovate.	• Organising activities outside of the work roles. • Group social events that involve the families. • Events that bring all employees together. • Group-wide committee that have representation from all sectors. • Programmes for employee suggestions, new thinking and employee involvement in system and process innovation.
Suppliers	• To balance cost considerations with sustainable procurement practices.	• Supplier surveys for ongoing relationship management - Annually • Feedback evaluations • Registration of Suppliers • Procurement committees -Monthly • Committees to address supplier appeals and grievances - as per requirement	• System for handling appeals and other grievances • Support micro suppliers	• Appointment of committees to address supplier issues • New supplier registration criteria to support small scale operators

STAKEHOLDER ENGAGEMENT

Stakeholder	Sustainable Business objectives	Method of Engagement	Key Topics/Concerns/Issues	Response
Community	• Align operations with the UNSDGs and the UNGC goals to uplift communities around our workplace. • Stringently observe all economic and social compliances at all operational locations.	• Community based projects • Employee involvement and volunteerism in community projects • Through continuous dialogue	• Needs that emerged through constant dialogue with the community • Natural disasters	• Global Goodness projects - Play Pump Project • COVID relief proejct
Environment	• Gradually align operations with the UNSDGs and the UNGC to promote environmental conservation mentality. • Stringently observe all environmental compliance requirements in all operational locations. • Comply with international environmental certifications • Integrate environmentally friendly practices into daily operations behavior.	• Report on progress of UNSDG environmental goals annually. • Implement the P3 Sustainability System • Conduct awareness programmes • Meetings and Consultancy • Audits	• Climate change	• Eco-friendly practices including 3R and 5R implementation • GHG calculation • SBTi - Science Based Target Initiative

STAKEHOLDER VALUE CREATION

Contributions to SDG

GRI 102-11

The SDG's were developed by the United Nations as a blueprint to achieve a more sustainable future for everyone around the world. These 17 goals create a platform to connect countries, businesses and people and inspire them to work together to find clear solutions to address some of the major global challenges including poverty, inequality, climate change, peace and justice, with the aim of producing tangible results by the year 2030.

In 2019, the Expo Group adopted the UN SDG's as the foundation of all its business operations. Since then, our logistics business EFL, our leisure business Classic Travels, and our investment arm Expolanka (Pvt) Limited, have all made good progress in aligning their operations with the SDG's. In this regard, each cluster has allocated business specific goals. At a Group level, our commitments to the SDG's are discharged through our network of operational locations across the globe in the form of a range of social welfare programmes that have been identified according to the requirements of each country.

Shown below are some examples of the Expo Group's contribution to the SDG's in the areas of economic, social and environmental value creation during the year as well as the linkage between our Capital Management and the SDG's.

Stakeholder Value Creation

	Capital	Definition	Inputs	Outcomes	Contribution to SDG's
Economic Dimension	Financial Page 39	Economic resources to fund the business	⦿ Equity Capital ⦿ Borrowings	⦿ Consistent dividend payout over time ⦿ Improved EPS	
	Manufactured Page 40	Infrastructure	⦿ Strengthening Expo Group infrastructure ⦿ Growing EFL's Global Footprint ⦿ Expanding Warehousing Capacity ⦿ Strengthening Leisure Sector Core Infrastructure	⦿ End-to-end solutions for the customer ⦿ Improved business scale leading to higher returns for shareholders	
Social Dimension	Intellectual Page 41	The knowledge and intellectual property and other intangible assets that enable Group Companies to gain a competitive advantage and grow their respective businesses	⦿ Enhancing Brand Reputation ⦿ Knowledge Management ⦿ Investing in Systems and Processes ⦿ Strategic Partnerships ⦿ Best Practices	⦿ Consistent long-term Returns to shareholders ⦿ Best in-class experience for customers	

STAKEHOLDER VALUE CREATION

	Capital	Definition	Inputs	Outcomes	Contribution to SDG's
Social Dimension	Human Page 43	The knowledge, skills, talents and experience of people that determines the Group's capacity to accomplish its goals	• Recruitment and Retention • Remuneration and Benefits • Diversity and Inclusion • Human Rights Compliance • Training and Development • Employee Engagement • Employee Health, Safety and Wellbeing	• Job Satisfaction • Competitive Remuneration • Best in-class Benefits • Opportunities for career growth • Share in the intangible benefits associated with corporate growth • Better work life balance • Ability to upgrade lifestyles	
	Social and Relationship Page 52	Strength of external relationships that can add value to the Group and its stakeholders	• Customer Relationship Management • Supplier integration • Corporate Social Responsibility	• Access to the best in-class solutions (customer) • Sustainable long-term business relationships (Supplier) • Elimination of Social inequalities (Community)	
Environmental Dimension	Natural Page 49	The natural resources used by the Group in the course of its day to day business operations	• Energy and Fuel Management • Greenhouse Gas (GHG) Emissions • Water Management • Material Resource use and Waste	• Conservation of the environment for future generations	

Financial Capital

GRI 201-1

Value Creation

Economic Value Creation

We at Expolanka give utmost importance to our shareholders, employees and other stakeholders thereby ensuring that the Group's financial capital and the economic performance is sustainable. We believe that the success of our organisation depends on creating financial value for our shareholders, economic value to the economy, repayment of borrowing from financial institutions and creating value for our employees.

Management Approach

We at Expolanka have adopted a value creation process that supports the well-being of the economy by ensuring that that all our business transactions create positive economic impact. This is strengthened by the Group's focus on having strong financial management, which will eventually increase the economic value. We are committed to create value to our shareholders, which is also demonstrated in the Group's financial statements. A performance centric culture is created for our employees, thus opening avenues for increased efficiency and effectiveness.

Economic Value Statement for 2020/21

For the year ended 31st March In Rs. Mn	Group Total 2020/21 Rs. Mn	%	Logistics	Leisure	Investments	Group Total	Eliminations / Adjustments	Consolidated Group Total
Direct economic value generated								
Revenue	218,735	99.8%	267,265	314	2,704	270,283	(51,548)	218,735
Dividend income	5	0.0%	(39)	-	1,491	1,452	(1,447)	5
Other operating and finance income	385	0.2%	378	11	118	507	(122)	385
Share of profit of an associate and Joint Venture	62	0.0%	1	-	-	1	61	62
Total Value Added	219,187	100%	267,605	325	4,313	272,243	(53,056)	219,187
Economic value distributed								
Operating costs	186,244	85.0%	234,663	252	2,604	237,519	(51,275)	186,244
Employee wages & benefits	13,429	6.1%	12,572	282	575	13,429	-	13,429
Payments to providers of funds	1,344	0.6%	1,961	7	1,056	3,024	(1,680)	1,344
Payments to government	2,108	1.0%	2,100	1	4	2,105	3	2,108
Total Distributed	203,125	92.7%	251,296	542	4,239	256,077	(52,952)	203,125
Economic value retained								
Depreciation & Amortisation	2,157	1.0%	1,989	59	109	2,157	-	2,157
Profit after dividends	13,905	6.3%	14,320	(276)	(35)	14,009	(104)	13,905
Retained for reinvestment / growth	16,062	7.3%	16,309	(217)	74	16,166	(104)	16,062

Above segmental Economic Value Creation table consists gross level information. All the inter-company eliminations are reflected in eliminations/adjustment column.

Manufactured Capital

> "The Group's manufactured capital consists of the physical assets that enable the Group to carry out its global business operations. While EFL the Group's flagship logistics Company accounts for a bulk of the Group's physical assets, the physical assets of the Leisure and Investment sectors are also included in the Group's overall manufactured Capital base."

Management Approach

The Expo Group's policy towards manufactured capital is based on an asset-lite model. Accordingly, the Group does not invest in constructing or acquiring premises and instead procures physical assets via long term rental agreements. This approach offers greater flexibility and the ability to quickly increase scale over the long term.

Manufactured Capital Development Model

Target Outcomes for the Group

- Consolidate and strengthen the Group operations
- Facilitate Organic Growth and Inorganic Growth

Key Priorities

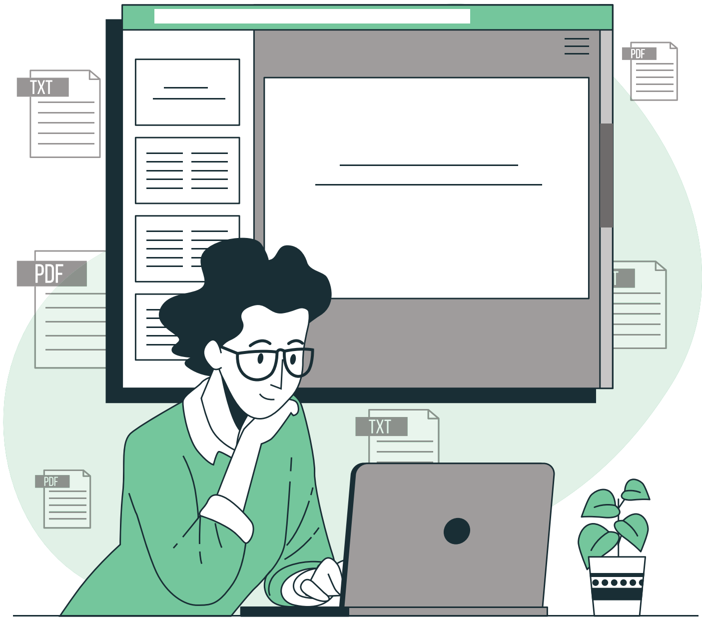
- Strengthening Expo Group infrastructure
- Growing EFL's Global Footprint
- Expanding Warehousing Capacity
- Strengthening Leisure Sector Core Infrastructure

Value Created for the Stakeholder

- End-to-end solutions for the customer
- Improved business scale leading to higher returns for shareholders

Intellectual Capital

> "Intellectual Capital consists of the intangible assets that play a vital role in supporting day to day operations and provide the Group with a definite competitive advantage. These intangible assets which include our brand portfolio, market knowledge, systems and processes also strengthen the Group's resilience and ensures that the Group remains sustainable over time."



Intellectual Capital Development Model

Target Outcomes for EFL

- Competitive Advantage
- Brand Leadership
- Stronger Bargaining Power

Key Priorities

- Safeguarding Brand Reputation
- Knowledge Management
- Investing in Systems and Processes
- Strategic Partnerships
- Best Practices

Value Created for the Stakeholder

- Consistent long-term Returns to Shareholders
- Best-in-class Experience for Customers

New Systems and Current System Upgrades for the Group

Launch of the Helpline Call System

As an immediate response to the vulnerabilities of COVID-19 a Helpline Call System was implemented at ITX 360 to strictly monitor the medical conditions of first contact employees as well as the welfare of all ITX360 team. The Help-line Call System was manned by volunteers from the ITX Support Services team.

Thermal Scan Implementation

A thermal scan solution was implemented at ITX360 enabling access-check-points to be monitored 24/7.

CAPITAL MANAGEMENT REPORTS

Launch of Expo Next
Expo Next is a long term undertaking to expedite digital adoption across the Expo Group through increased business process automation. The following initiatives were implemented under the Expo Next program in the current financial year:

- EFL Cargowise Process Automation
- Robotic Process Automation Implementation for Classic Travel
- Uploading of SVAT to RAMIS System

Group Virus Guard upgrade to the next generation Anti-virus
With work-from-home becoming the new normal amidst the COVID-19 pandemic situation, concerns regarding the threat of system breach also began to emerge, prompting the Expo Group to move ahead with the implementation of the next generation anti-virus software. Having already completed much of the groundwork, the IT team was able to swiftly move into the implementation phase, with the roll out in Sri Lanka being completed within Q1 of the financial year. The second phase which would see the implementation across EFL's global network stations also commenced soon thereafter and is due to be completed by mid-2021. The product of a leading global brand, the new software which is equipped with the latest AI and Machine learning based detection capability, offers the best in-class ransomware protection.

Network Re-structure - EFL Campus
Restructuring the EFL campus was part of adapting to the new normal. The project was driven by the ITX360 team and involved changing the layout of the office and warehouse areas, expanding seating capacity in office areas, and rewiring of air conditioning, lighting and power systems to support the new design. The entire area was secured with a state of the art Access Control System, full wireless coverage, and 24 hour surveillance system.

CMS - New module Implementation
ITX360 which has successfully implemented J-SOX (Japanese Sarbanes-Oxley Act Compliance), Licenses and 3 modules for the Board of Investments under the CMS

HighJump Regional Migration – Logistics Cluster
ITX360's well-planned approach to data backup and recovery on the HighJump production environment & Disaster Recovery (DR) environment helped the EFL Logistics Center to move to a new DR region to continue day to day operations with a minimum operational impact. On this basis the existing DR set up in the Frankfurt region was moved to the London region and completed in 3 project phases.

HR System - Cloud Migration (MiHCM)
Following the Group decision to migrate the Group HR System to the cloud version of "MiHCM" for Expolanka Holdings, EFL HQ, Leisure Cluster, Airline Cluster, Pulsar Shipping, Expolanka Limited & Tropikal Life International, the entire process was completed with the support of ITX360 Project Management team.

As Group shared service for HR and Finance, ITX 360 continues to be involved in the broader transformation efforts for the HR and Finance related functions within the Expolanka group. The use of the Shared Services model is aimed at supporting the broader transformation within the group through more efficient HR and Finance functions.

Strategic Partnerships

UI Path - Silver
This is an innovative partnership with global Robotic Process Automation (RPA) professionals, UiPath, in order to provide services in Sri Lanka with the ability to completely optimise performance leveraging on the concept of hyperautomation.

CrowdStrike
In October 2020, ITX 360 partnered with CrowdStrike to further expand its capabilities in the Cyber Security domain. CrowdStrike is one of the world's best Next Generation Anti-Virus products. It is recognised as a leader in endpoint protection solutions by industry analysts, independent testing organisations and security professionals. This is listed in Gartner, Forrester and IDC. https://www.crowdstrike.com/why-crowdstrike/crowdstrike-industry-validation/

ZUTEC
In October 2020, ITX360 was appointed the sole reseller for ZUTEC in Sri Lanka. ZUTEC specialises in providing customised cloud-based software to support the construction industry by ensuring construction projects run on time and continue to be more efficient and cost effective. While ZUTEC has historically focused on large and complex construction projects including airports, hospitals, large infrastructure, commercial buildings and residential towers, it has also increased scalability in recent years to allow projects of all sizes to benefit from an extensive suite of solutions.

Taisei Corporation was the first customer on-boarded by ITX360 to use ZUTEC services for the Terminal II expansion project of the Bandaranaike International Airport.

Best Practices – IT Security & Business Continuity

As the IT arm of the Expo Group, ITX360 took proactive measures in the year under review to strengthen its information security and business continuity planning programme. This was done primarily to protect the Group's information assets and increase the Group's overall resilience levels. Steps taken in this regard witnessed ITX360 begin the process of obtaining ISO 27001:2013 (Information Security Management Standard) and ISO 22301:2019 (Security, Resilience and Business Continuity standard) for its operations. These standards will greatly improve information security and business continuity of the Expo Group. It will also provide ITX 360 clients with the assurance that the Company is equipped to offer the best-in-class protection to secure their information assets.

Human Capital

> Given that all Group Companies are service-oriented businesses, our human capital is a core strength for the Group. All sectors of the Expo Group are represented by a highly trained, technically qualified and experienced human capital base.
>
> As a responsible employer our goal is to develop a "passionate group of employees" with the capacity to drive strategic and operational targets to enable the Group to achieve its long term growth objectives.

Human Capital Development Model

Target Outcomes for Expo

- Enhance employee satisfaction
- Increase retention ratio
- Expand gender balance
- Reduce attrition
- Improve productivity
- Strengthen return-to-work ratio
- Develop the leadership pipeline
- Minimise incidents of injury

Key Priorities

- Recruitment and retention
- Remuneration and benefits
- Diversity and inclusion
- Human rights compliance
- Training and development
- Employee engagement
- Employee health, safety and well-being

Value Created for the Employee

- Job satisfaction
- Higher remuneration
- Better benefits
- Opportunities for career growth
- Intangible benefits associated with corporate growth

CAPITAL MANAGEMENT REPORTS

Our Employees

GRI 102-7, 102-8

As at 31st March 2021, the Expo Group's total global workforce amounted to 2,821 full time employees across our network, all collectively working towards the Expo Group vision. Of the total employees, 2,496 were permanent employees while 325 were employed on a contract basis. The Expo Group's core business, the logistics sector maintained the largest cadre with 2428 employees as at 31st March 2021, followed by the Leisure operations with 171 employees and the investments sector accounting for 222 employees.

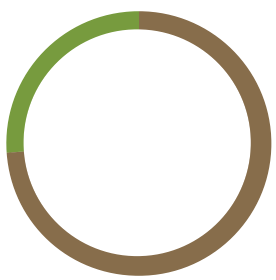
	Permanent	Contract
Male	1,961	180
Female	535	145

Sectors	Permanent	Contract
Logistics	2,116	312
Leisure	168	3
Investments	212	10
Total Cadre	2,496	325

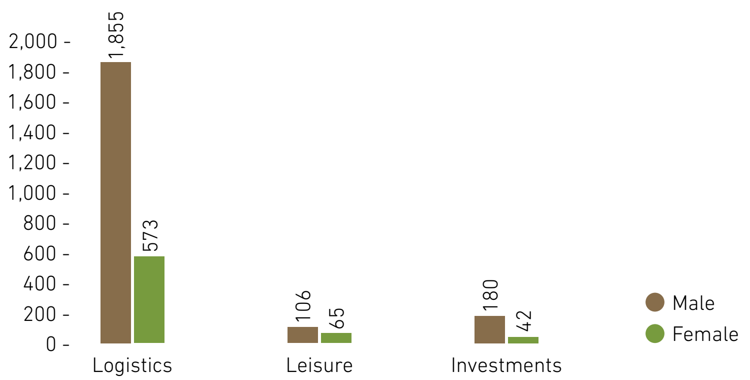
Sectors	Total Cadre as at 31st March 2021	Gender Distribution		Age Analysis			
		Male	Female	18-25 years	26-35 years	36-45 years	46 years & above
Logistics	2,428	1,855	573	324	1,046	667	391
Leisure	171	106	65	22	77	51	21
Investments	222	180	42	33	106	60	23
Total Cadre	2,821	2,141	680	379	1,229	778	435

Geographic Representation - International Offices			
Country	Total Cadre as at 31st March 2021	Permanent	Contract
Sri Lanka	1,383	1,291	92
India	675	674	1
USA	147	146	1
China	116	5	111
Vietnam	109	32	77
Indonesia	89	66	23
Kenya	74	74	0
Hong Kong	53	53	0
UAE	41	41	0
Pakistan	25	25	0
Cambodia	20	6	14
Philippines	14	14	0
Malaysia	13	9	4
South Africa	13	13	0
Mauritius	12	12	0
Belgium	11	10	1
Taiwan	11	10	1
Madagascar	9	9	0
Denmark	6	6	0
Total Cadre	2,821	2,496	325

Human Capital Development Model



Gender Distribution - Sector-wise



Human Rights

GRI 408-1

Child Labour

The Expo Group categorically eschews the practice of child labour. The Group recruitment practices stipulates that the minimum age of employment is 18 years and above. We are conscious and even demand this vital practice from our suppliers and outsourced service providers as well.

Since its inception in 1978, the Expo Group has not employed minors in any of its operations and hence has not been subject to incidents to date. No child labour cases were reported for this financial year.

Forced Labour

GRI 409-1

We have been in operation for over three decades and have grown to be a conglomerate with rich traditions.

Our operating principles dictate that all employees must be treated with dignity and respect. Accordingly, our culture does not advocate nor permit to any form of harassment or exploitation of human rights. The Expo Group vehemently opposes forced or compulsory labour in our operations and demand that our suppliers and outsourced service providers adhere to the same high standards. There have been no reported incidents of forced labour recorded for this financial year.

Diversity and Inclusion

GRI 405-1

Based on the belief that sound diversity practices contribute positively towards organisational growth, the Expo Group strives to promote greater diversity and inclusion across all operations. As part of this commitment, the Group has committed to the equality principles set out under the ILO convention and the UNGC Global compact. Stemming from this, the Group strictly practices a policy of equal opportunity at every stage of the employment cycle and as such does not tolerate any form of discrimination or harassment on the basis of religious beliefs, ethnicity or any other status protected by law.

This policy applies to all Expo Group Companies, without exception and forms part of a broader effort to clarify the Expo Group's status as an employer of choice.

Discrimination

GRI 406-1

The Expo Group is against any form of social prejudices. Procedures for dealing with such instances are well documented and have been included in the "Pledge" document, which is accessible to all employees. No cases of discrimination were reported for this financial year.

Notice Regarding Operational Changes

GRI 402-1

While no formal notice period has been established for communication of any operational changes, in general, a minimum of two weeks notice is given to employees prior to implementing changes.

Recruitment and Retention

GRI 401-1

We view our employees as a key enabler in executing the Group's business model and value creation strategy. Our goal therefore is to recruit and retain people who have the necessary credentials, readily identified with the Expo Group's core values and unique work ethic.

Our recruitment strategy seeks to attract professionals who demonstrate the right competencies and the commitment to take ownership for the Group's success.

Employee turnover

Our approach to developing our human capital base is to attract and retain the best talent from all parts of the world. To retain best-in-class talent, we offer competitive remuneration and benefits and strive to provide a safe and fulfilling work environment, which includes structured training and development activities including opportunities for global exposure to build capacity and capabilities of our people.

Sectors	Recruitments vs Resignations	
	Recruitments	Resignations
Logistics	336	248
Leisure	46	122
Investments	1	44
Total Cadre	383	414

Recruitments	Heads & Above		Managers		Executives		Non Executives	
Sectors	Male	Female	Male	Female	Male	Female	Male	Female
Logistics	11	4	28	5	111	63	75	39
Leisure					1			
Investments	4	1	8	1	14	4	10	4
Total Cadre	15	5	36	6	126	67	85	43

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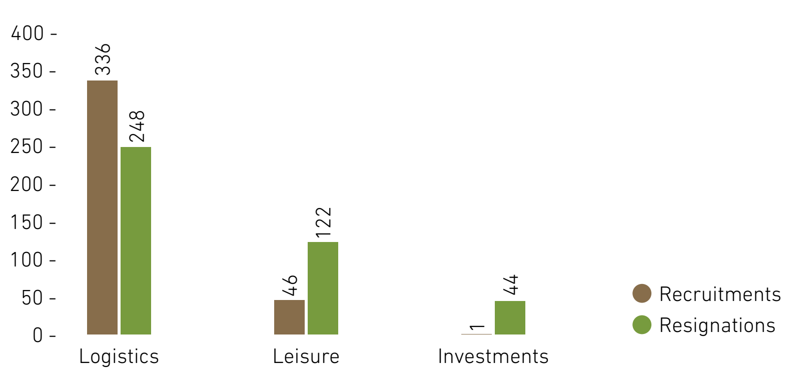
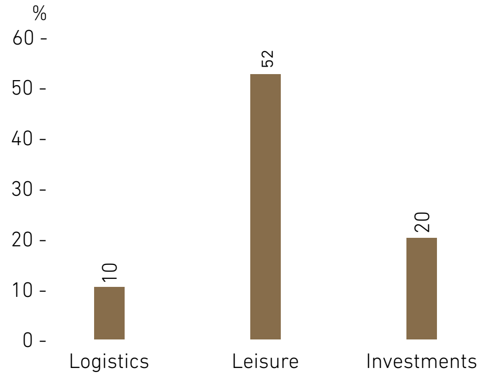
Sectors	Turnover Ratio %	No. of staff at the beginning of year (April 2020)	No. of staff at the end of year (March 2021)	Average	No of resignations
Logistics	10%	2,417	2,428	2,422.5	248
Leisure	52%	294	171	232.5	122
Investments	20%	214	222	218	44
Total	14%	2,925	2,821	2,873	414

Recruitment vs Resignations - Sector-wise



Turnover Ratio - Sector-wise



Remuneration

GRI 202-1

The Expo Group Remuneration Policy is based on the fundamental premise that all employees should be remunerated fairly and equitably for their contribution to the Group. Hence, our remuneration and benefit structure is designed to attract, motivate, and retain talented employees. The Group's remuneration philosophy focuses on a two-pronged reward mechanism, consisting of fixed remuneration (basic salary, medical insurance, vehicle and fuel allowances, subsidised loan facilities etc.) coupled with variable remuneration (bonus etc.), which is based on a number of factors including individual/team goals that relate to the corporate objectives of the respective business units as well as the overall Group performance.

In Sri Lanka, the Group abides by the national minimum wage requirements for entry level employees as stipulated by the Minimum Wages Act No.03 of 2016. Furthermore, given the Expo Group's global presence, our remuneration structures are benchmarked against industry standards in the countries in which we operate. Accordingly, our benefit structures are designed in line with all applicable local labour laws in those respective countries to enable employees to have full access to all benefits mandated by law including ;leave entitlements, provident fund contributions, gratuity payments etc.

Recognising and rewarding exceptional performers is another key aspect of the Expo Group's human capital management approach. This is facilitated through a highly streamlined performance management process.

Ratio of Basic Salary

GRI 405-2

	Male	Female
Heads & above	1.00	0.72
Managers	1.00	1.21
Executives	1.00	1.02
Non Executives	1.00	0.94

Above figures are derived only from Sri Lanka.

Employee Benefits and Facilities

GRI 401-2

Permanent employees of the Expo Group are entitled to a comprehensive medical insurance which covers general, surgical and hospitalisation needs. The scheme which covers both planned and emergency hospitalisation as well as OPD facilities at several leading hospitals and clinics in Sri Lanka, is also extended to the immediate family members of all permanent cadre employees. Meanwhile, all employees are insured for personal as well as duty related accidents under the workmen's compensation insurance policy.

Vehicle and Fuel Allowance

Depending on their grade, employees are entitled for a vehicle allowance along with a fuel entitlement for their respective transport needs. In addition, employees who travel for work related activities or are required to work outside standard working hours, are entitled to a reimbursement of their travel expenses.

Loans
A variety of loans are available to staff including loans for bikes, emergency staff loans and festival advance/short term loans based on their role in the Company, personal circumstances and urgency of the requirement.

Lunch & Lunchroom Facilities
All employees across the Group are eligible for this benefit. The suppliers of lunch and the cost that is allocated for lunch will vary between Group companies.

Overtime
Non-executive category employees who work beyond stipulated working hours are entitled to claim overtime.

Maternity Leave
GRI 401-3

Female employees across all Expo Group operations are entitled to benefit from 84 days of maternity leave as mandated by law. In addition, expectant mothers are allowed 14 working days leave with full pay, immediately preceding the expected date of confinement.

	2020/21
No. of employees who went on maternity leave (Group)	29

Performance Evaluation and Management
GRI 404-3

All full time employees of the Expo Group are entitled to an annual performance appraisal which is built of three key pillars goal setting, performance monitoring and performance review. The performance appraisal mechanism provides an opportunity for each employee to review their performance with their respective reporting Managers. This allows Managers to analyse and identify the employees' performance gaps as well strengths and weaknesses.

The performance management process serves as a credible source for identifying high performers, who are then rewarded through higher pay, bonuses and promotions within their own Company or across the broader Expo Group. All performance evaluations are strictly managed at Group level. This is done in order to ensure that the training and development activities and succession planning is undertaken in tandem with the outcomes of the performance management mechanism.

	2020/21
No. of employees promoted (Group)	1%

Defined Benefits
GRI 201-3

The Expo Group remains committed to consistently meet its defined benefit obligations as mandated by applicable labour laws. These include contributions to the Employees Provident Fund (EPF) and the Employees Trust Fund (ETF). An amount equivalent to 12% of an employees monthly basic salary is paid to the EPF and a further 3% to ETF.

For the reporting period, the Expo Group incurred a cost of Rs. 617,949,911 on account of EPF and ETF. Moreover, in compliance with the payment of gratuity act no. 12 of 1983, the Group has recognised a Gratuity liability of Rs. 764,523,925 as at 31st March 2021.

Training, Learning & Development (TLD)
Our businesses and the world in general is changing so fast and this has an enormous impact on learning. New working practices, flexible working arrangements, dispersed locations, advanced technologies and diversified teams are directly influencing the design and delivery of learning today.

In this context, we understand that learning in our organisation has to be accessible, agile and flexible. As a result, learning is not only focused on traditional and online platforms but it is also concentrated in the flow of work activity. Our learning strategy is also shifting from not just creation but to curation as well. The widespread training, learning and development programs helps to bring out the best in our people. The design and development of our programs focus predominantly on the skill gap and new opportunities available for our employees.

The ability for organisations to successfully evolve is ultimately determined by the competence of their staff. We believe transformation of the organisation is indissolubly linked to the transformation of individuals and for that to be a reality, it is important to place learning at its core.

Learning has a clear link to growth, innovation and motivation. We understand that Learning Organisations respond faster to change and helps in effective problem solving which results in increased productivity and helps to retain the best talent. Noteworthy improvements are seen in customer satisfaction, profitability, performance and sustainability. Whilst we are living in times of unprecedented change, we are also presented with unparalleled opportunities. We, as a management, is convinced that training, learning and development is vital for an organisation to excel.

We followed a basic 6 step process in transforming our origination to a learning organisation this financial year and followed the simplified approach below to bring about a notable change in the arena L&D within the organisation;

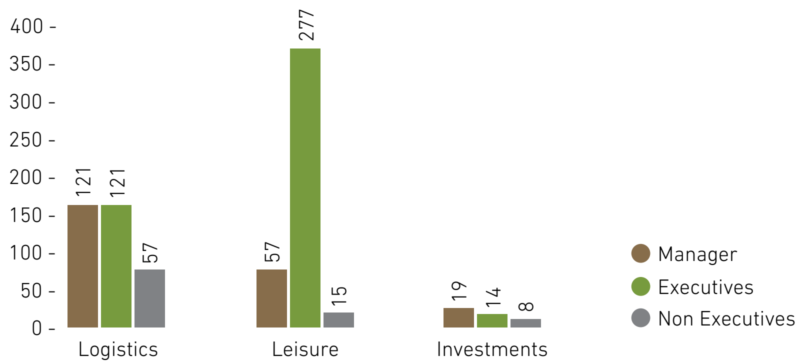
1. **Simplified Purpose:** a collective vision and open discussion on how important it is to be a people-centric organisation and the need to acclimatise to deliver the organisation's performance.
2. **All inclusive People Experience:** a commitment to develop innovative, viable and continuous learning opportunities.
3. **Thriving Ecosystem:** a people-led system that empowers its people, teams and the organisation to thrive and learn, linked to common goals, values and purposes.

CAPITAL MANAGEMENT REPORTS

4. **Agile, Digitally-enabled Infrastructure:** a simulated environment that supports a fluid exchange of knowledge, ideas and commitment towards excellence.
5. **Creativity & Continual Rendezvous:** a vibrant community that persistently builds on business relationships, resulting in dynamism, resilience and growth.
6. **Digitisation & Transformation:** a robust platform using insight and AI & BI, IoT to drive organisational performance and customised experience.

Sectors	Internal vs External Training Programs				Category wise		
	Internal Programs	External Programs	Training Hours	Heads	Manager	Executives	Non Executives
Logistics	21	25	1,486	46	121	121	57
Leisure	1	106	598	5	57	277	15
Investments	3	9	96	10	19	14	8
Total	25	140	2,180	61	197	412	80

No of employees trained - Sector wise



	No. of Staff	Total Training Hours	Average Hours
Male	477	1527.45	3.20
Female	273	652.55	2.39

GRI 403-2, 403-3

Health, Safety & Well-being

With health and well-being becoming a global phenomenon, the Expo Group has consistently increased its focus on safeguarding the physical and mental well-being of its employees. Each year, the Group organises various initiatives ranging from visiting psychologists, counselors and the annual medical camps to after-work fitness sessions all of which bear evidence to the Group's commitment towards a fit and healthy workforce.

Meanwhile, in our warehouse operation, which is subject to specific safety hazards, due to the nature of their business, we have taken steps to benchmark internationally accepted best practices in compliance with the Ohsas 18000:2007 - Occupational Health and Safety Management Systems Certification (OHSAS) process.

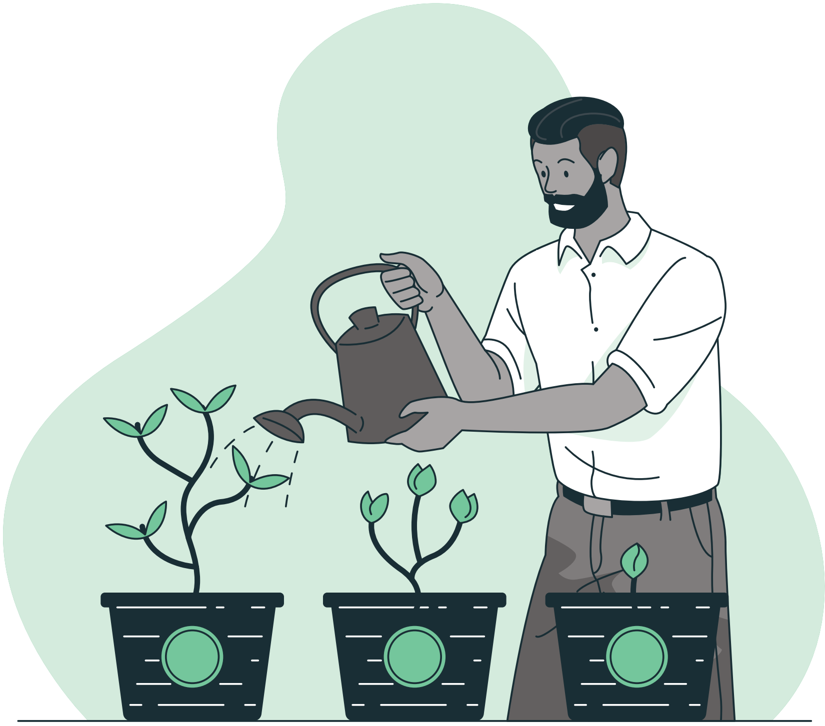
Health and Safety Committee

GRI 403-1

There is a full-time compliance officer in place and a team member from each department representing the health & safety committee in locations adhering to the OHSAS 18000:2007 standard.

Natural Capital

"The Group's Natural Capital consists of natural resources used in the normal course of business to support the Group's value creating processes. The electricity, fuel, water, paper etc. used in the Group's day-to-day operations are all generated using natural resources, which holds the Group accountable for the use of these natural elements."



Natural Capital Development Model

Target Outcomes for the Group

- Competitive Edge Over Peers
- Demonstrate Good Corporate Citizenship

Key Priorities

- Energy and Fuel Management
- Greenhouse Gas (GHG) Emissions
- Water Management
- Material Resource use and Waste
- Action Against Climate Change

Value Created for the Stakeholder

- Conservation of the Environment for Future Generations

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Green House Gas Emissions Operational Inventory

GRI 305-1, 2, 3

Due to the nature of activity, sources responsible for GHG emissions vary with each location as depicted below. All applicable emissions sources of EFL Global offices were considered during this assessment. The below numbers are for the period starting from April 2020 - March 2021.

Scope 1,2, & 3 2020/21

	Scope 1	Scope 2	Scope 3	Total gross emissions by countries
India	50.49	246.47	256.68	553.64
Malaysia	-	2.86	11.48	14.34
Hong Kong	-	0.04	17.43	17.48
China	-	8.96	23.29	32.25
South Africa	-	21.40	28.07	49.47
Cambodia	-	10.50	10.25	20.75
Mauritius	1.13	33.62	2.08	36.84
Philippines	0.01	19.09	20.22	39.32
Indonesia	4.52	54.53	82.07	141.13
Kenya	80.17	15.13	29.61	124.91
Madagascar	2.04	0.32	2.35	4.71
Vietnam	-	34.53	39.34	73.87
UAE	37.13	15.38	7.27	59.77
Sri Lanka	359.17	1,718.02	464.91	2,542.10
Total (EFL)	534.67	2,180.87	995.06	3,710.59

Reduction of GHG Emission

GRI 305-5

Our offices are pursuing the implementation of renewable energy solutions. In operational emissions reduction this year closure of physical offices due to COVID have resulted in a lesser Scope 2.

Solar energy generation and emissions savings per month

We have achieved a reduction in Scope 2 emissions, where emissions generated from purchased electricity have also reduced due to the Group's investment in solar power at the EFL campus. The solar energy generation during the assessment period is 876017.47 Kwh. The total emission reduction from solar energy generation during the assessment period is 398.30 tCO_2

Solar Generation from Facilities

Month	kWh
April	60,676.89
May	76,431.05
June	67,059.916
July	69,856.29
August	78,090.00
September	71,205.15
October	81,326.18
November	77,840.88
December	72,384.92
January	65,233.04
February	73,955.69
March	81,957.46
Total	876,017.47

Total Co2 reduction due to Solar – 398.30 tCo2e

Compliance

GRI 307-1

All sectors across the Expo Group are fully compliant with applicable mandatory environmental laws and regulations. As such, there were no monetary fines or non-monetary sanctions recorded during the financial year.

Water Management

Being a service organisation, water is used mainly for sanitation and hygiene requirements of employees. The Expo Group's water footprint is minimal compared to that of a manufacturing company. Nonetheless, the Group has committed to adopt an integrated approach to manage its water footprint and has implemented sound water management systems and practices, together with a proactive incident management framework aimed at promoting continuous improvement at all levels.

Further, responsible water management is considered to be the duty of every employee, with the Group's senior management setting the tone from the top to raise awareness regarding the importance of continuous and ongoing action to conserve water.

Waste Recycled

GRI 306-2

The Expo Group's core businesses are highly paper-intensive and as such generates large volumes of paper waste on a daily basis. Paper is the single-largest waste material generated by the Expo Group. Emphasising the commitment towards responsible disposal of paper waste, EFL Sri Lanka has a long-standing partnership with Neptune Recyclers (Pvt) Ltd, enabling a total of 7,257.48 Kg's of paper waste to be sent for recycling in the year under review.

However, in recent times, the Group has been reporting a steady decline in the volume of paper waste, thanks to a strict policy on paper use alongside a focused effort to invest in process digitalisation.

Freight Emissions Using GLEC / CCWG Framework

Amidst mounting pressure from customers, governments and investors, businesses will look to optimise operational efficiency and minimise their carbon footprint at the same time.

The GLEC / CCWG Framework allows EFL to calculate and report their logistics emissions consistently across their multimodal supply chain, with the results being used to inform stakeholders and improve business decisions and actions.

Supplier Assessment for Environmental Impacts

GRI 308-1

Being a diversified Group, we deal with a wide range of suppliers ranging from international airlines and shipping agents to small-scale fruit farmers. Given the diversity of our supplier base, we have refined our policies and practices to ensure that environmental impacts assessment is part and parcel of our procurement agenda.

Classic Travel

Key Initiative

As a responsible corporate citizen, Classic Travel has collaborated with the United Nations Clean Development Mechanism to certify and offset the carbon footprint of air travels. All air travel segments of a time period would be assessed by auditors, and Classic Travel would set off the carbon footprint and issue a Certification from the UN CDM project confirming same.

Classic Travel (Private) Limited managed to offset 10 Tonne of Co2 for the resorting period 2020/21.

This initiative has been widely accepted by the Corporates, especially NGO's who are conscious about minimising environmental impacts.

EFL Global Goodness Projects

Revive Bundala, Sri Lanka

As a part of EFL's sustainability agenda, a flagship project was launched in 2019 with the aim of restoring Bundala National Park's ecosystem. This National Park in Sri Lanka, which was declared a Ramsar site and known for attracting international migratory birds has been deeply affected by an invasive plant species.

EFL adopted 600 acres of land that had been cleared off the invasive species to initiate a project that focuses on rehabilitating and reviving the surrounding habitat by planting 125,000 trees over 5 years, so that migratory birds would return over the years. In the year of inception (2019), we successfully planted 15,000 plants of native species.

In early 2020, the project's progress was delayed due to the pandemic. Nevertheless, we were able to launch phase 2, over two stages due to the ease of lockdowns and restrictions in the South: October 2020 and January 2021. While our intention for this project was to have our own employees volunteer by planting, this had to be revised, as we couldn't have employees participate in large groups. Therefore, we sought help from the local community by hiring them to plant in designated areas. As the local community is heavily dependent on tourism for their daily income and tourism was at a standstill, this was a way for EFL to empower them financially as well. The community members who were selected were also educated on the plants and how to take care of them, thereby ensuring that the plants will sustain under their care for the long run.

During phase 2, with the assistance of local community members and park staff, enabled, almost 25,000 saplings to be planted.

*To date, we have successfully planted 40,000 saplings across approximately 100 acres of land.
*SDG *: Decent Work and Economic Growth
*SDG 15: Life on Land

GRI 413-1

Social and Relationship Capital

"Social and Relationship Capital consists mainly of the relationships with customers, suppliers and business partners as well as the community ties that we have built by working towards socio-economic upliftment."

Social and Relationship Capital Development Model

Target Outcomes for EFL

- Increase Captive Market Share
- Improve Sustainability of the Supply Chain
- Strengthen Group Image as a Responsible Corporate Steward

Key Priorities

- Customer Relationship Management
- Supplier Integration
- Corporate Social Responsibility

Value Created for the Stakeholder

- Access to Best-in-class Solutions (Customer)
- Sustainable Long-term Business Relationships (Supplier)
- Elimination of Social inequalities (Community)

Global Goodness

EFL's Global Goodness program is a holistic approach to our sustainability agenda. Through Global Goodness, we encourage our staff to actively volunteer in sustainability projects and build a more conscious life to sustain our planet. We aim to engage in projects that advance societal goals, while strengthening our core business approaches by aligning them with the UN's Sustainable Development Goals. At EFL, we strongly believe that even by making small differences, we can leave a big impact on this world.

Projects

COVID Relief Distribution Programme, Sri Lanka

With the second wave of COVID-19 in Sri Lanka prompting the Government to isolate high-risk zones in and around Colombo, several low-income communities in the Western Province were placed in a vulnerable situation. This in turn caused many families consisting of daily wage earners to stay at home without any financial means.

EFL partnered with The Centre for Humanitarian Affairs (CHA) and local police to identify such areas that were subject to lockdown orders to assist these communities by distributing daily essential food items. The distribution programme, which began in November 2020 was conducted by the Local Police Divisions and other relevant COVID personnel in the designated areas.

The initiative which continued until end-March 2020 saw a total of 19,576 loaves of bread being distributed to 19,376 families across 22 locations.

Play Pump Extension, South Africa

In 2019, EFL South Africa installed a play pump at a rural school, located two hours from the capital city. The Play Pump, which was built to combat the clean water crisis, pumps clean, drinkable groundwater into a tank when the children play with it. The tank is connected to a pipeline, which distributes the clean drinking water to a local tap source.

Over the past two years, the Play Pump project has provided over 500+ students and teachers, as well as the neighbouring communities access to clean drinking water, which has led to a healthier life. However, when the pandemic hit, the communities benefited from it significantly. Despite the country's lockdown, which restricted movement of essential services, the local communities had access to clean water through the pump.

Moreover, EFL was able to identify that several areas in South Africa had existing pumps, which had fallen into a state of disrepair due to lack of maintenance. This led EFL to undertake the service and upkeep of 6 pumps, in order that local communities can use them efficiently to generate clean drinking water for their needs.

6 pumps that were located in 6 schools across the North Western Province in South Africa have now successfully been restored, thereby providing clean water access to 2600+ students and teachers, as well as their local communities.

*SDG 6: Clean Water

COVID Relief Distribution Programme,

Play Pump Extension, South Africa

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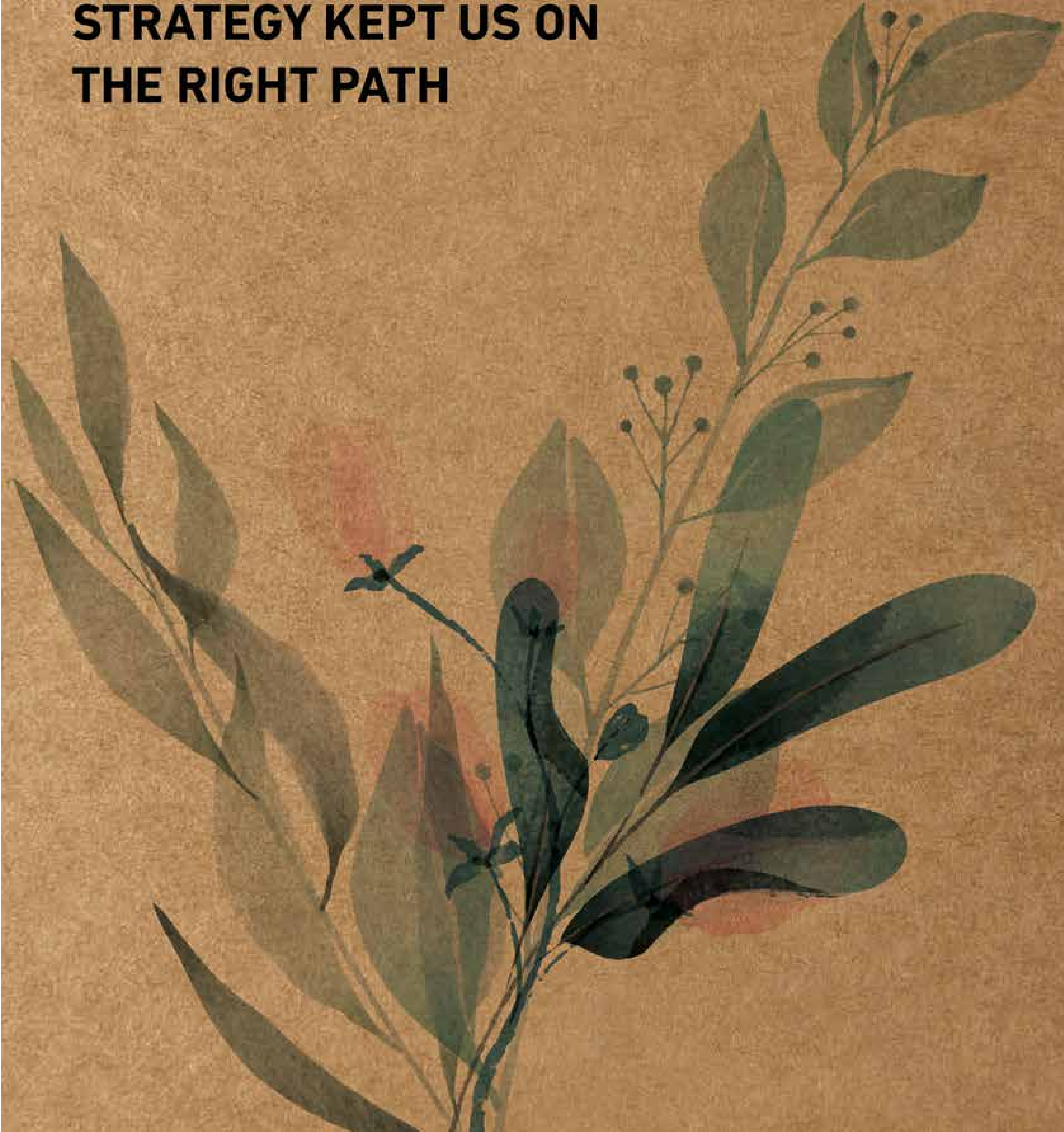
OUR FOCUS WAS RAZOR SHARP AS GREAT STRATEGY KEPT US ON THE RIGHT PATH



ORGANISATIONAL STRUCTURE

Logistics

- Air Freight
- Sea Freight
- Logistics
- Warehousing
- Transportation
- General Sales Agents

Leisure

- Outbound Corporate Travel and Leisure
- Inbound Leisure and Corporate Travel
- Destination Management Services

Investment

- Export of Commodities
- Value added Processing
- IT Solutions

OUR FOOTPRINT

With a strong regional presence and a rapidly expanding global footprint encompassing 60+ locations across 29 countries, EFL remains one of the region's fastest growing logistics service providers. Expolanka's global expansion strategy has enabled the creation of significant economic value through increased trade activity, which has resulted in the creation of over 2,820 direct jobs, globally. And countless other indirect employment opportunities across the logistics value chain.

United Kingdom
Sussex
Kenya
Mombasa | Nairobi
India
Ahmedabad | Bangalore | Chennai | Moradabad (U.P.) | Cochin | Coimbatore | Hyderabad | Kandala | Karur | Kolkata | Mumbai | New Delhi | Tirupur | Ludhiana | Tuticorin | Pune | Visakhapatnam | Krishnapathnam | Gurgaon
Belgium
Machelen
Pakistan
Karachi | Lahore
Myanmar
Yangon (Sule Square)
Yangon (Pabedan Township)
Hong Kong
Kowloon
Netherlands
Heerlan
Cambodia
Phnom Penh
China
Shanghai | Shenzen | Guangzhou | Chongqing | Qingdao | Wuhan
Denmark
Hedensted
France
Japan
Tokyo
Ethiopia
Taiwan
Taipei City
Bangladesh
Dhaka
UAE
Dubai-Al Gharhoud | Abu Dhabi
Dubai-FZCO-DAFZA | Jebel Ali
Malaysia
Selangor Darul Ehsan | Penang
Singapore
Sri Lanka
Colombo | Avissawella | Biyagama | Hambantota | Katunayake | Koggala | Seeduwa
Madagascar
Antananarivo
Thailand
Phillipines
Manila
Mauritius
Port Lous | Plaine Magnien
Vietnam
Ho Chi Minh | Ha Noi | Da Nang
Indonesia
Jakarta | Semarang | Surabaya
South Africa
Johannesburg | Port Elizabeth

SECTOR REPORT

LOGISTICS SECTOR

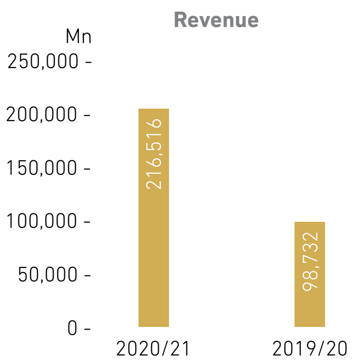
Product Mix

- Air Freight
- Sea Freight
- Logistics
- Warehousing
- Transportation
- General Sales Agents (GSA)

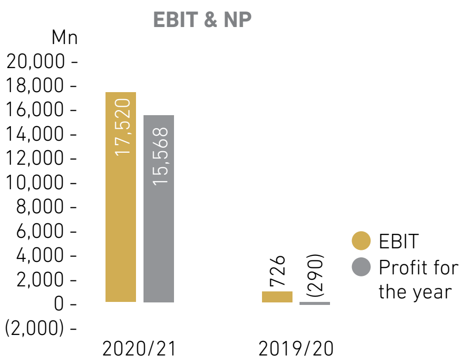
Highlights 2020/21

1. **Revenue growth achieved amidst dynamic market environment driven by return of organic business aided by elevated freight rates. Gradual growth in business aided by freight rates, which remained elevated due to supply demand capacity disruptions**
2. **Significant growth in North America Trade Lane with encouraging performances from the European markets**
3. **Flexible, nimble, agile approach, helped EFL to adapt to market challenges swiftly and adjusted business model and the operating model to meet market demands in an efficient and effective manner.**
4. **Proactive procurement plans and long term carrier partnerships enabled EFL to ensure capacity availability and maintain focus on yields.**
5. **Continued focus on Digital improvement enabled the company to complement its overall strategies of growth and efficiency.**
6. **Efficient working capital management and fund availability to ensure growth objectives of the company were met**

Revenue



Profit



Strategy

- Consolidating & Strengthening Trade Lanes
- Broad-basing Customer Portfolio
- Expanding Service Portfolio
- Efficiency Improvement & Margin Management
- Developing Network Infrastructure
- Strategic Investments
- Technology Adoption
- Working Capital Management
- Expanding Industry Presence
- Further Growth and Strengthening of Key Strategic Origins
- Leveraging Brand to Create Value to Business Partners
- Establishing Specialised Resourcing Skills to Drive Growth Initiatives

Freight Operation

It was a year of outstanding results for EFL - The Expo Group's global logistics business. A year in which EFL cemented its position as a leader in global supply chain services, providing innovative, flexible and efficient solutions to its customers. Driven by its continuous and consistent strategy and aided by its nimble and agile approach, the company was able to adapt to market conditions expeditiously, resulting in EFL, delivering an exceptional performance across its entire global network.

The logistics industry is viewed as an auxiliary for global trade and commerce and a key enabler in facilitating mobility throughout the global supply chain. Globally, 2020 will be long remembered as the year when the world tilted on its axis, throwing nations into chaos with factors such as fragmented supply chains, low capacity, labour shortages, muted economic activity and ambiguity with respect to the rules and regulations for mobility of goods, impacting global trade and the overall logistics industry. These unprecedented challenges required the logistics industry to adapt its operations to meet demand in new normal market conditions.

In 2020, the world economy experienced a global recession primarily influenced by the COVID-19 pandemic and resultant lockdowns. The negative economic growth was widespread affecting emerging, developing and mature markets alike. Whilst early signs of economic recovery have been emerging since the start of 2021, overall trade volumes continue to remain well below pre-pandemic levels.

Given the above backdrop, and at a time when the logistics industry around the world had to contend with a decline in global trade together with supply chain disruptions, EFL was able to successfully navigate its operations by focusing on its strategic roadmap enabling the company to make strong headway, first consolidating its operations, and subsequently further growing its customer base, backed by its strong relationships with existing customers and the flexibility to offer bespoke solutions.

EFL's broad-based approach to tap into its core competencies including its experienced and efficient multi-origin footprint along with robust and well thought out procurement planning once again proved to be the critical success factors during these challenging times. Also instrumental in driving success for the year was EFL's ability to maintain service delivery with at high standards, coupled with strong digital capabilities to facilitate fit-for-purpose solutions that support the evolving needs of customers. The synergies achieved through increased flexibility, reachability and overall customer-centric approach too continued to provide EFL with a significant competitive edge over peers.

Another key catalyst in EFL's success is the multi-pronged strategy to consistently reinforce core competencies. This year too, EFL's strategy remained firmly anchored to these four pillars: customer diversity, procurement efficiency, operational excellence, and a technology-led operating experience. Equal emphasis to strengthen each strategic pillar and improve synergies paved the way for EFL to actively pursue growth targets even amidst tough market conditions that prevailed in 2020.

Efforts to expand captive market share continued in earnest throughout 2020. In this regard, EFL was quick to seize any available opportunities to move cargo from core offices in China, Vietnam, Sri Lanka and India. Local expertise and strong network infrastructure in these markets proved to be a significant advantage for EFL to meet specific customer demands due to COVID related restrictions.

In particular, investments made in the past to develop a strong infrastructure footprint across all key global markets was one of the keys factor contributing to EFL's success over the last year. EFL now has a network presence in 29 countries across the globe in a number of major trading hubs. This multi-origin footprint supported by dedicated staff spanning multiple nationalities who continued to work tirelessly in challenging conditions to assist commercial and procurement teams, also had a major role to play in driving success, in the year under review.

A concerted effort was also made to diversify into selected new verticals. While the apparel sector has long been the backbone of EFL's freight business, the decision to diversify into selected verticals stems from a broader vertical expansion strategy aimed at growing EFL's overall business. It was felt that accelerating the business diversification strategy would help consolidate EFL's freight business in the short term and would also likely be a good starting point to improve scalability over time. Phase 1 of the diversification strategy which was launched in 2018 to focus predominantly on developing the tech and other verticals across the network,has delivered encouraging results, up until now.

In 2020, the apparel sector came under severe pressure on the back of global trade and supply chains disruptions caused by the pandemic. Amidst this backdrop, EFL took swift action to pivot itself towards opportunities available in the market. Backed by the solid foundation created by the North America strategy, EFL focused on cultivating relationships in the technology and pharma verticals and consistently onboarding new customers in these verticals. Recent investments to strengthen technology infrastructure and developing team competencies also provided EFL with a greater degree of flexibility and responsiveness to attract new customers. Further consolidating its operation and cementing its position in North America, EFL established its operation in Canada during the latter part of the financial year.

SECTOR REPORT

Through this move, EFL will look to leverage on its ground presence in Canada to operate both as a sales unit and an operating hub to service the entire EFL network.

As further evidence of EFL's adoptability to market conditions, the company was able to optimise its brand awareness and work closely with various customers to meet emergency demand for essential medical equipment. The company was able to work in cohesion across its network to meet these time sensitive customer expectations effectively.

Meanwhile, with global trade patterns thrown into chaos due to the pandemic, the impact on the global freight market was unprecedented. The dynamics of the freight market changed dramatically as ocean and air freight operators had to adjust to market conditions as a result of lockdown restrictions in all key economies, coupled together with, cross border mobility restrictions etc. With this sudden loss of capacity causing a sharp escalation in air freight rates, EFL adopted a strategic approach to streamline procurements. Tapping into its long standing carrier partnerships and broad-based carrier network to improve visibility of pricing structures and strengthen the ocean freight offering, EFL continued to focus remain on its core internal operations of ensuring capacity availability in an efficient and optimum manner, with a customer centric service delivery approach, enabling the company to grow its operations during the year. Meanwhile, the emphasis on developing new carrier partnerships helped to expand supplier networks, allowing EFL to further strengthen its bandwidth through increased flexibility and agility to meet customer demands.

As an immediate response to the pandemic situation, a conscious decision was taken to scale back on some of EFL's discretionary expenses, while pursuing operational efficiencies through the use of its digital platforms. Meanwhile in an effort to safeguard the Group balance sheet, a series of liquidity management initiatives were implemented. The support provided by SG Holdings (the parent Company of the Expo Group) also played a vital role in meeting short term liquidity requirements to enable EFL to fulfill its obligations and service customers. It also enabled the Group to service an unprecedented amount of charters during the year.

With the lockdown situation easing towards the second half of the year, EFL was able to see the gradual return of its core base business. Taking immediate action to capitalise on these opportunities, the Company moved to strengthen ties with existing customers. As a reflection of the above, EFL benefitted from increased wallet share from several of its key strategic customers who were very appreciative of the services provided by the company during tough times. Consequently the high volume variance seen at the start of the year gradually declined enabling EFL to generate consistent returns from Q2 onwards.

Technology development was also at the forefront of EFL's overall strategy for the current financial year, with the main focus being to accelerate digital adoption in specific areas of the operation in order to standardise the services offered across the entire EFL network. Despite the challenges posed by COVID, a highly successful virtual rollout was carried out to complete the implementation of the ERP platform across all network stations. The new ERP platform now allows EFL to focus on integration, automation, visibility, transparency and efficiency to further augment its overall operating framework. Whilst continuing to make strong progress in relation to the further developing its capabilities within its Enterprise Platform, special emphasis was placed on integration to support increased customer visibility. Improving customer centricity was the key pivot influencing EFL's digital journey during the year, where the goal was to develop solutions and technologies to improve interactions with customers through their entire transaction journey with EFL from shipment quote to delivery. During the year itself, EFL unveiled a number of key modules including; PO Management, Track & Trace Solutions, along with a special customer portal that offers end-to-end visibility. Technology platforms were also increasingly used to drive data-based decision making during the year, enabling the company to respond quickly and more effectively to market conditions and situations. The next phase would involve digitising key back end processes in order to improve efficiency and ensure that all EFL stations, regardless of their size, have the capability to offer the entire gamut of freight solutions.

To consolidate these achievements and create a cohesive framework for future growth, a focused brand building campaign was undertaken to bring visibility to EFL's global network and assert the "EFL Global" brand as a noteworthy contender in the global freight domain. Brand building initiatives and a decision to move ahead with the planned ERP implementation, hand in hand, was carried out successfully.

EFL continued to evaluate and explore several non-organic growth opportunities as well. With a strategy to expand its service portfolio and strengthen its operations, EFL was able to make further inroads into the domestic logistics industry in the North American market with the acquisition of the Customs bond, CFS and Trucking Company - Seville. This Investment will enable EFL to provide additional services to its existing customers as well as use the facility and operation as a key tool to attract and develop further businesses along the North American Trade Lane.

Furthermore, continuing with initiatives to expand its Far East operation, EFL was able to incorporate a subsidiary in Thailand, which is also considered a key and strategic sourcing market for EFL.

3PL Operation

The 3PL operation delivered a strong performance for the year under review, thanks to the timely activation of Business Continuity Plans to overcome challenges arising out of the COVID-19 pandemic. Accordingly, technology based solutions offered to customers helped to augment the top-line, while the strong focus on operational efficiency was responsible for reducing the strain on the bottom line of the 3PL operation.

Financial Results

The logistics sector was able to deliver a record financial performance for the year, with significant YoY growth visible across, Revenue, Gross Profit, EBIT and Profit after Tax.

Aided by the gradual growth in base business along with meeting emergency customer demands together with elevated freight rates, saw the sector deliver a revenue of Rs. 216.3Bn (+119%) which is by far the highest-ever revenue recorded by the sector in any financial year. The largest contribution to the above was delivered from its North America Trade Lane operation which has continued to be the main catalyst of EFL's growth trajectory, these past few years. A sizable share of business and profitability during the year was derived from the Far East origins which is now operating on par with the traditionally strong sub-continent markets. Whilst the established markets such as China, Vietnam, Indonesia and Cambodia performed exceptionally well, new markets such as Malaysia and Taiwan too reported encouraging growth through the year. This performance is a clear testament to EFL's strategic intent to aggressively grow its business operations since the 2017/18 Financial Year. Despite the challenges seen in Europe, EFL's new operations in Denmark and Belgium performed reasonably well during the year, making gains in terms of customer portfolio and strengthening EFL's brand presence in Europe.

A proactive procurement strategy together with an assertive sales platform enabled EFL to generate good returns even amidst some major shifts in market dynamics. Freight rates remained very aggressive during the year and has been at its highest level in recent history due to the severe capacity shortages which had arisen due to demand – supply imbalances. EFL was firstly able to ensure capacity was optimised and delivered to meet its demand requirements. In parallel EFL worked closely with all its carriers, origin stations and its sales teams to ensure that a unified cohesive approach was undertaken to ensure yields were optimised enabling EFL to record a Gross Profit of Rs. 38.1Bn (+113%).

Whilst the company continued to focus and make strong headway on its growth initiatives, the company also looked at its operations holistically to establish improvements in its overall operations. Emphasis was placed on optimising its cost structures during the year to ensure that the overall profitability remained at high levels. Whilst the initial stages of the pandemic necessitated certain cost reduction measures, the company continued to adopt a pragmatic approach to ensure cost structures were optimised. The company was able to optimise its technology platforms to aid in ensuring transaction related costs were kept at efficient levels thereby further strengthening the overall profitability of the company. As a result of the above, EFL was able to deliver a PAT of Rs. 15.6Bn (+5,460%) during the year, once again a record performance for the company.

Future Direction

The ability to deliver strong performance outcomes notwithstanding COVID challenges is a testament to the consistent strategy of the logistics business. On this basis, the focus going forward too will remain anchored to the four strategic pillars that have been the cornerstone of EFL's recent growth driven success – customer centricity and diversity, procurement efficiency, operational excellence, and technology-led operating experience.

After bottoming out in the latter part of 2020, global economic activity is expected to rebound strongly towards end-2021 as countries around the world expedite their COVID-19 vaccine rollouts over the coming months. Whilst predictability continues to remain a challenge, markets continue to show gradual recovery which augurs well for EFL. The improvement and growth seen in US consumer spending, the gradual recovery and opening of European markets and the continued demand for production from origin markets are expected to further solidify EFL's opportunities in the year ahead.

The immediate focus in the year ahead will be to consolidate the North America Trade Lane operation. Whilst continuing to gain traction by growing its customer base, the company will look to deepen its penetration by expanding its domestic logistics operation in the market with a view to strengthening its position as an end to end-to-end solution-based supply chain company.

Europe being one of the largest consumer markets in the world with vibrant demand across several verticals, remains a key market which EFL will look to further expand into going forward. The trade lane which is now opening up after leaving behind the challenges of the past year, provides several opportunities for the company to further strengthen its foothold in the year ahead. EFL will look to leverage its strong brand presence, market acceptance and network operations to make further inroads into this market, with the aim of significantly increasing its contribution to EFL's overall growth in the future.

With passenger travel continuing to grow slowly and recovery likely to remain protracted, the Air Freight market is expected to experience capacity shortages. Furthermore, port related congestions and low excess capacity and container availability will also result in the Ocean Freight market remaining fairly dynamic as well.

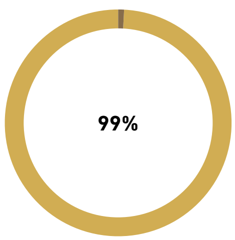
Taking these factors into consideration, EFL will look to seize every opportunity to grow captive market share in existing strongholds while systematically diversifying into selected new segments. In this regard, the increased visibility provided by the common ERP platform will serve a key differentiator in positioning “EFL Global” as a truly versatile freight services brand in the next 5 years.

As an organisation focused on growth and expansion, EFL will continue to evaluate and may pursue non-organic growth opportunities as well. These opportunities will be aligned to expeditiously meet its intended strategic opportunities.

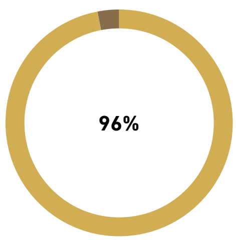
Whilst the company pursues its growth based strategy, the digital agenda too will be accelerated in the coming year. In this regard, the company will look to build on the success achieved in the current financial year and move forward expeditiously to achieve targeted objectives under its digital agenda.

(Rs. million)	2020/21	2019/20	Change
Revenue	216,516	98,732	119%
Earnings Before Interest & Taxes (EBIT)	17,520	726	2,313%
Finance Cost	246	332	-26%
Profit Before Tax	17,273	394	4,287%
Profit After Tax	15,568	(290)	5,460%
Total Assets	86,621	41,070	111%
Total Equity	31,959	15,646	104%
Total Debt	16,081	10,211	57%
Capital Employed	48,041	25,857	86%
Return on Equity	48.7%	-1.9%	2,724%
Return on Capital Employed	32.9%	0.2%	20,157%

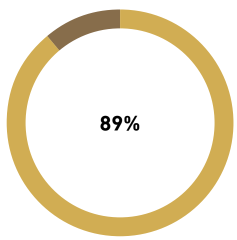
Turnover



EBIT



Capital Employed



Above sector wise balances are before eliminating intra-segment transactions/balances. Intra-segment transactions/eliminations are disclosed in pages 173 to 175.

LEISURE SECTOR

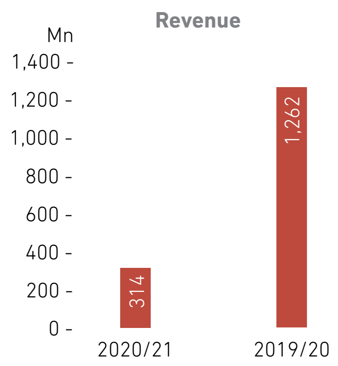
Product Mix

- Outbound Corporate Travel and Leisure
- Inbound Leisure and Coporate Travel
- Destination Management Services

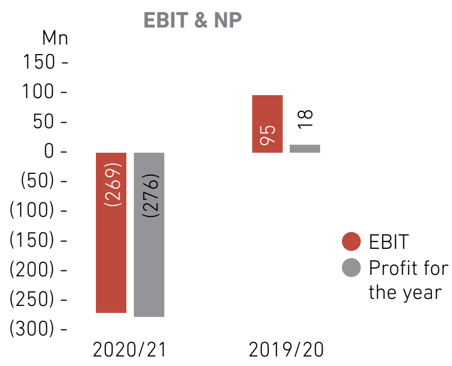
Highlights 2020/21

1. **Focusing on portfolio evaluation to ensure a scalable business model**
2. **Initiatives taken to right-size the future business model**
3. **Continuing to develop new innovative services and solutions to meet market demands**
4. **Optimising facilities available in challenging market conditions**

Revenue



Profit



Strategy

- Service Portfolio Enhancement
- Retaining Market Leadership Position
- Enhancing Value Added Services including Pandemic Related Services
- New Customer Acquisition
- Optimise End-To-End Serviceability
- Specialisation In Identified High Growth Verticals
- Technology Driven Service Mode

SECTOR REPORT

The leisure industry has been one of the industries which is most affected with the global pandemic, with reports indicating a significant drop in International Travel during the last year. Following drastic action by governments across the world to curb the spread of COVID-19, the global travel industry ground to a halt around March 2020, with no apparent signs of revival evident even by the end of the year. The year 2020 will therefore go down in history as one of the most challenging times for the global travel industry.

In Sri Lanka, the decision by the government to close the airport in March 2020 saw the local travel industry coming to a complete standstill, just as it was beginning to recover from the impact of the April 2019 Easter Sunday debacle.

Amidst this backdrop, Classic Travel which represents the Expo Group's Leisure cluster and the premier travel company in Sri Lanka also came under severe stress. With the core revenue streams coming under pressure, Navigating through this, the company, showcased its resilience in mitigating these challenges keeping in mind the long term potential of the Industry by focusing on consolidation and strategic realignment,

Following extensive analysis of the existing business model, a broad based restructuring effort was undertaken to streamline the business mix and create a leaner and more agile organisation able to withstand the current challenges.

In the meantime, the company took quick steps to retain customer goodwill by maintaining a customer centric approach and remaining in close contact with customers. The company further looked to innovate its service portfolio by further establishing value added services geared towards travel during a pandemic environment.

To further augment these efforts, a digital roadmap was drawn up to optimise at least 60% of the backend process architecture through increased automation. It is hoped that by enhancing the robustness of the core IT infrastructure in this manner will enable Classic Travel to further differentiate its value proposition by dynamically integrating customized value add-ons and creating tailored solutions that cater to the demands of the more discerning traveler. Since rolling out phase 1 of the digital roadmap mid-2020, several key processes, including the finance and quality control have been successfully digitised using robotic automation technology.

Meanwhile true to its DNA, Classic Travel continued to make a conscious effort to seize all available opportunities in the current environment. In this regard, the strength of the "Classic" brand and the versatile suite of value added solutions under the "Classic" umbrella proved to be a considerable advantage, as did the high degree of automation which helped to improve service delivery and enhance the overall customer experience. An emphasis was placed on ensuring that travelers were continuously briefed on travel guidelines and safety tips to ensure smooth travel. A fully integrated service portfolio was introduced ensuring an uncomplicated journey for its customers with no hassle. Given the lack of flights, the focus was on providing blocking seating whilst meeting customers budgets, providing the most efficient connections and planning complex itineraries and maintaining a 24/7 support team to resolve any challenges a customer faces.

In the meantime, the company made strident steps in focusing on the Domestic tourism industry offering value added, innovative and exclusive travel products and solutions to the local market. The company saw encouraging traction in this market and further developed and enhanced its brand name as a unique solution provider.

An indication of the company's efforts were visible during the last quarter of the financial year, where the company was able to generate its highest revenue for the year, with the opening up of the airports in Sri Lanka.

In parallel cost structures were revisited with a series of cost containment measures implemented to optimise overheads wherever practical. The leadership team of the company and the senior management took extensive salary adjustments during the year to ensure to maintain overheads at a reasonable level.

The right sizing exercise of the company was undertaken amidst an environment where several companies within the Industry were forced to close down and halt operations. The company took a socially responsible and harmonised approach to ensure an equitable mechanism was deployed across its operations.

As a result of the holistic approach to tackle pandemic induced challenges, the Company succeeded in tabling satisfactory results for the FY 2020/21. These achievements were recognized at a national level as well, with Classic Travel being awarded the Restart Resilience Award under the Service Sector Large Category at the SLIM Brand Excellence Awards 2020. The Restart Resilience Award is a special category award introduced as part of the SLIM Brand Excellence Awards 2020, to recognise and reward outstanding efforts by organisations to overcome the challenges resulting from the pandemic. The stringent awarding criteria covered numerous financial and operational areas, with special emphasis on strategic realignment in response to challenges, efforts to minimise the impact granular level, performance outcomes during the crisis along with the measures taken by the organisation to safeguard internal and external stakeholders against the pandemic impact, as well as the business continuity planning and crisis management measures for the future.

Future Direction

Leisure sector, now a leaner, fitter and more resilient business outfit aims to adopt a three-pronged strategy to pursue growth objectives by building scale in selected markets.

In the near term, the priority would be to grab opportunities available in the current market. The medium term focus would be to grow the outbound segment. It is hoped that the reopening of the Sri Lankan airport in mid-Jan 2021 and the gradual resumption of international travel will provide the impetus to achieve these medium term goals.

At the onset, the focus of the sector will remain to look at optimizing current market opportunities. A differentiated approach with value added services and close customer relationship strategy will continue to be adopted by the company. Furthermore, the company is seeing latent demand across certain travel demographics and will continue to focus on growing services to the respective demographics. Furthermore, the Sector will target selected areas in the inbound market, in particular the experiential travel segment. The comprehensive suite of offerings along with the proven track record will be the key differentiators in positioning Classic Travel as the Country's premier experiential travel solutions provider in this niche market. Domestic travel will play an important role in the revival of the industry in the short term, and the company is well placed to take advantage of this opportunity and has in fact showcased its strength in this vertical during the last year.

The disruptions and slow down within the Industry is expected to remain in the near future and the recovery is expected to be gradual and slow. However as a forward looking growth driven business, the company will look to adopt both a medium and long term approach to driving its business over the next several years. Given the above backdrop the company is now well positioned and appropriately structured to optimize itself when the market does open up and pent up demand takes place for corporate travel as reflected in gradually growing demand visible in other international markets such as USA and China. Furthermore the industry is moving towards consolidation with smaller players exiting the market opening up further opportunities for the company to consolidate its market position and enhance market share in the future

The Classic Travel brand is one of the most recognized brands in the travel industry in Sri Lanka. The brand is synonymous with providing a high level of service, focused on experiential travel augmented by a variety of value added services. The company will look to further invest into this top of the mind brand awareness by aligning its operations, processes and activities accordingly.

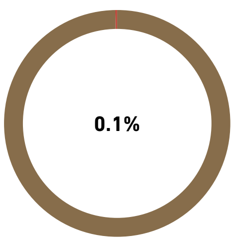
The company will look to continue maintaining its marketing efforts in educating travelers, providing market insights, promoting its services and building on relationships and partnership with international players in an effort to bring in more experience, value and services to the customer.

As always technology integration will remain the underlying theme of the Company's efforts to improve internal efficiencies and enhance service delivery to the customer, while the solid track record spanning over 27 years will provide a clear advantage for Classic Travel to move swiftly forward towards a new growth phase in the post-pandemic environment.

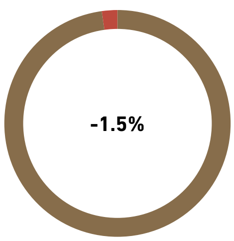
Classic Travels was one of the few select companies in the Industry in Sri Lanka, which considered the crisis as an opportunity to rethink the future of the organisation. The industry is at a crossroads and the measures put in place today will shape the future of the organisation going forward. The company will look to capitalizing on the wins it has achieved, and pursue and implement the strategic initiatives it has identified to transform the company into the future setting the stage for growth and gearing to meet the demands in the market with innovative value added services to meet future travel requirements, with an optimum structure driven by an efficient variable based lean operating model.

(Rs. Million)	2020/21	2019/20	Change
Revenue	314	1,262	-75%
Earnings Before Interest & Taxes (EBIT)	(269)	95	-382%
Finance Cost	7	47	-85%
Profit Before Tax	(276)	48	-675%
Profit After Tax	(276)	18	-1637%
Total Assets	892	1,529	-42%
Total Equity	441	731	-40%
Total Debt	209	263	-20%
Capital Employed	650	994	-35%
Return on Equity	-62.7%	2.5%	-2650%
Return on Capital Employed	-41.4%	6.6%	-730%

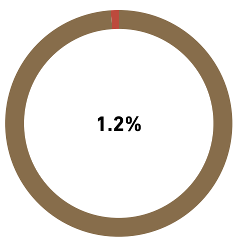
Turnover



EBIT



Capital Employed



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SECTOR REPORT

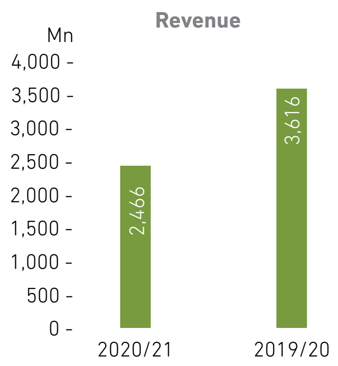
Product Mix

- Export of commodities
- Value added processing
- IT Solutions

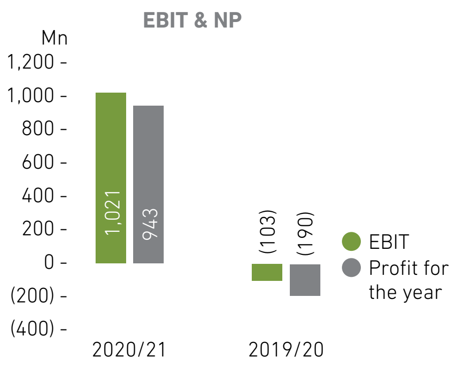
Highlights 2020/21

1. **Restructuring the portfolio of the export operation to service high yielding, less volatile operations**
2. **Expanding and further developing the value-added product range**
3. **Revamping and bringing focus to the technology business**

Revenue



Profit



Strategy

- Focusing on Higher Yielding Less Volatile Product Portfolio
- Improving Efficiencies in Procurement and Capacities
- Extending Brand Presence in the Market
- Re-organising Tech Portfolio to Meet Current Market Demands

The Expo Group Investment Sector tabled a satisfactory performance for the current financial year despite the continuous challenges caused by the COVID-19 pandemic. The Investment sector reported Revenue of Rs. 2,466,125,710 for the year under review, whilst delivering a gross profit of Rs. 625,669,108 to further consolidate its position within the Group.

Export Operations

A significant contributor of the Investment Sector - the Export operation recorded adequate results for the FY 2020/21, notwithstanding disruptions to its operations owing to the COVID-19 pandemic.

The Trading operation is the main vertical under the Export Operation. In the year under review, the trading operation recorded lower trading volumes amidst the scarcity of raw materials. Further impeding the operation of the company was the elevated prices and high freight rates which resulted in the dilution of margins. Recognising these challenges early on, the company aligned itself to meet customer demands through varied sourcing mechanisms driven by the multi origin trading model.

The multi-origin trading model is a key strategic initiative that was undertaken by the company several years ago as part of its international expansion and sourcing plans. Through this model, the company is able to source produce from multiple countries via its partner networks.

Leveraging on its long term customer relationships, infrastructure, and its established brand, the business was able to ensure service deliveries to customers were made by minimising disruptions to customer demands.

The value added business, including the coconut water operation and the organic dried fruit operation performed reasonably during the year.

The company entered into the coconut water business in mid-2017 by commissioning a dedicated coconut water factory, to carry out collection, processing, storing, packing and export of coconut water to the European and US markets, where the company services some of the leading brands. Over the past few years, demand for coconut water has been increasing at a rapid pace globally, in tandem with the global shift towards healthier lifestyles and nutrition-based consumption habits. This market is expected to continue to grow exponentially over the next several years as well. Recognising these developments at an early stage, the company moved to establish its own factory in order to seize the opportunity to gain first mover advantage among existing customers.

In the year under review, the coconut water operation experienced mixed fortunes in view of the fact that primary markets in Europe were severally disrupted due to the Pandemic. However visible improvements were noted during the last quarter of the year win the back of a gradual resumption of economic activity in European markets from January 2021 onwards.

Encouragingly the dried fruit operation delivered a noteworthy performance during the year, sustaining its operations despite experiencing sourcing limitations. The company exports organic dried fruits with the primary destination markets being, Europe and United States.

The growth and performance of these operations are heartening as significant effort has been dispensed in bringing the factory to international standards with all equipment and requisite licenses obtained by the company.

On an overall basis, despite operation being impeded due to the severe lockdowns in the European markets, the company was able to produce reasonable results thanks to a combination of efficiency improvements and strict cost containment measures implemented throughout its operations.

IT Solutions

The IT solutions vertical is represented by ITX360, the newest addition to the Investment Sector. ITX operates as a fully-fledged integrated IT solutions provider offering a range of IT services, including IT infrastructure services, technology solutions for logistics companies, Apps & software development, enterprise solutions, managed IT services, contact center services, process automation and IT project management services.

The FY2020/21 was a phenomenally transformative one for ITX 360. From its preliminary role as the Group IT services unit, ITX 360 has evolved considerably in the short span of just 02 years and today has carved out a niche as a fully-fledged independent IT solutions provider helping companies to expedite their digital journey. Adopting a broad based strategy to further build on the success achieved thus far, the focus for the year was pivoted on; reinforcing ITX360 brand positioning in the market, strengthening its operating team and broaden the service portfolio through new strategic partnerships.

Since the inception, ITX360 has strongly endorsed value adding partnerships that will augment its portfolio of offerings. These partnerships have been built on the success of ITX capabilities to deliver unmatched services to all of its customers.

In the year under review ITX 360 entered into several notable partnerships with a number of leading global international technology companies, enabling ITX360 to significantly expand its range of services offered.

In particular ITX's foray into robotic process automation is a timely move, enabling the company to swiftly to deploy the solution across several organisations, resulting in the company being recognised amongst the leading integrators for this platform in Sri Lanka.

SECTOR REPORT

In yet another significant development for the year, ITX 360 began the process of obtaining ISO 27001:2013 (Information Security Management Standard) and ISO 22301:2019 (Security, Resilience and Business Continuity standard) for its operations. These standards., while greatly improving information security and business continuity platforms of the Expo Group will also provide ITX 360 clients with the assurance that the Company is equipped to offer the best in-class protection to secure their information assets.

Future Direction

Whilst the businesses globally grapple with challenges posed by the pandemic situation, the focus of the Investment sector will be to pursue a strategy of consolidation and growth, with the aim of creating value to all stakeholders, by focusing on offering niche products & services.

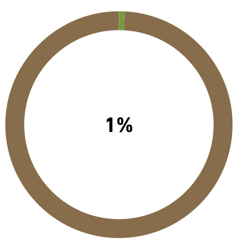
As the global economy regains stability the long term prospects of the Export business appear to be exciting. The demand for products offered by the trading operation continues to grow, and is expected to accelerate with increased consumer spending in the identified market verticals. To deliver stable growth and improved profitability amidst this backdrop, the company will look to streamline its product portfolio by moving to higher yielding, less volatile product products. Whilst maintaining its focus on the business portfolio, the focused restructuring exercise which commenced during the year to exit from volatile operations will continue to take place. This will enable the company to improve quality of earnings within the operations.

In preparation for the anticipated growth the company will look to further improve its procurement efficiency and increase operating capacity and undertake several other processes improvements.

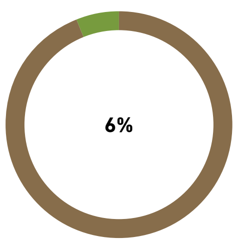
ITX 360 meanwhile will pursue a strategy of consolidation aimed at building on the success achieved during the current year. The fact that ITX 360 was able to effect a turnaround in a pandemic year proves that the Company has the capacity and the capability to grow vigorously over the next few years. Going forward ITX 360 will aim to cement its position as a premier IT solutions provider who can help clients to expedite their client's technology migration journey through the use of the latest world class, cloud-based architecture. The work done up to now to build internal competencies, establish processes, develop solutions and form partnerships with leading international brands in the various domains has ensured that ITX360 is ready to drive forward its aggressive plans to help customers transform their business. To further support its ambitious growth plans for the future, ITX 360 will look to build on these strengths and seek out more strategic partnerships that would create synergies and boost the Company's brand reputation in the market.

(Rs. million)	2020/21	2019/20	Change
Revenue	2,466	3,616	-32%
Earnings Before Interest & Taxes (EBIT)	1,021	(103)	1,092%
Finance Cost	79	83	-5%
Profit Before Tax	943	(186)	607%
Profit After Tax	943	(190)	597%
Total Assets	5,859	8,138	-28%
Total Equity	3,470	5,007	-31%
Total Debt	2,122	1,722	23%
Capital Employed	5,592	6,729	-17%
Return on Equity	27.2%	-3.8%	817%
Return on Capital Employed	18.3%	-1.6%	1,251%

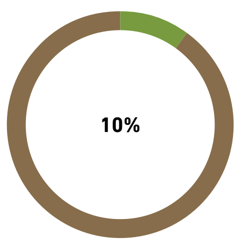
Turnover



EBIT

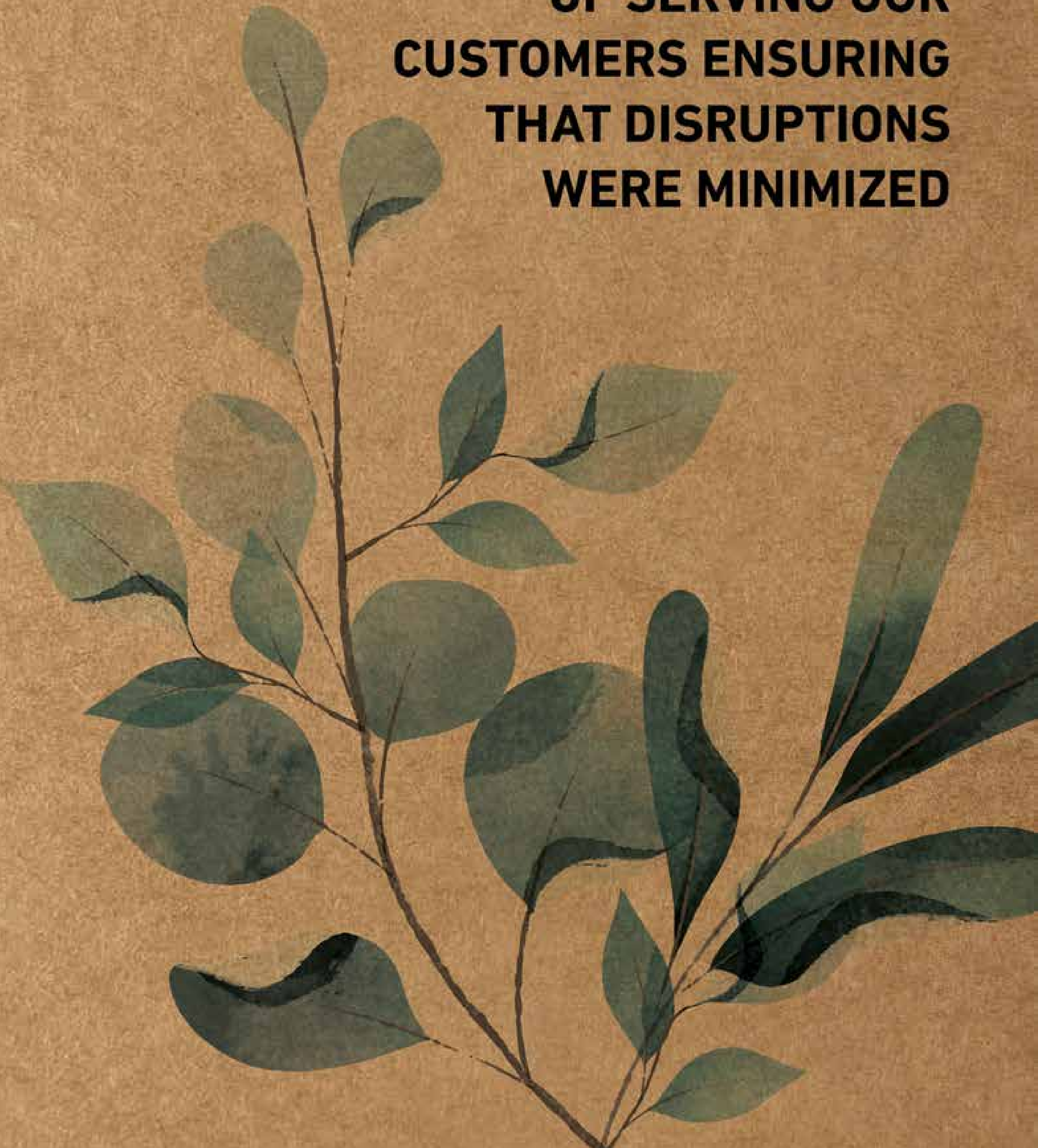


Capital Employed



Above sector wise balances are before eliminating intra-segment transactions/balances. Intra-segment transactions/eliminations are disclosed in pages 173 to 175.

WE LOOKED INTO THE MINUTE DETAILS OF SERVING OUR CUSTOMERS ENSURING THAT DISRUPTIONS WERE MINIMIZED



CORPORATE GOVERNANCE

Chairman's Statement on Corporate Governance Report

GRI 102-16

We at Expolanka, give utmost importance to Corporate Governance as we believe that the company has an obligation to conduct its business in a responsible manner, placing importance to stakeholder concerns, as well as making sure that the organisation remains sustainable. As the Group places high importance in Corporate Governance, much effort is devoted to applying global best practices to achieve our governance objectives.

Governance Principles

The Group believes that the governance principles of trusteeship, transparency, accountability, control and ethical corporate citizenship are fundamental in maintaining competitiveness, growth and sustainability and that the practice of each of these principles create the right corporate culture that fulfils the true purpose of Corporate Governance. The Board works to ensure that the Group succeeds well beyond financial return, and continues to thrive regardless of challenging macro-economic variables.

Evolving Governance Need

Expolanka is currently operating in 29 countries, through stand-alone, liaisons and remote offices and is planning to increase the global presence further while diversifying the business portfolio. Along with the expansion, the governance structure of the Group continues to evolve, in order to keep up with the pace of business growth and the changing business requirements.

We continuously review the framework within which we operate and the processes implemented to ensure that they reflect the complexities of our business and ensure that they are capable of adding value as the business grows.

Governance Culture

Along with our Group's vision of building great businesses and the core values, the Board understands the importance of setting the right culture and ensuring that this culture instills the correct values. Groups' Core Values and the Code of Conduct, through which employees are governed to meet the values and standards that we believe in, together with other policies, govern how we conduct our business and set the standards that drive performance.

Disclosure Relating to Directors

Mr. Sanjay Sumanthri Kulatunga (Independent, Non-Executive Director) and Mr. Shiran Harsha Amarasekera (Independent, Non-Executive Director) have served in the Board of Expolanka Holdings PLC for a period exceeding 9 years, thus automatically require to retire as an Independent Director as per Section 7.10.4 of the Colombo Stock Exchange Listing rules. However, subsequent to reviewing the criteria set out in the aforementioned listing rule, the Board was of the unanimous view that the status of independence of both Mr. Sanjay S. Kulatunga and Mr. S. Harsha Amarasekera have not been impaired despite serving the Board of Expolanka Holdings PLC for a period exceeding 9 years, and that they comply with the criteria set out in Section 7.10.4 of Listing rules of Colombo Stock Exchange. Accordingly, these Directors were re-appointed as Independent Directors of Expolanka Holdings PLC for a period of one year as per the Section 7.10.3 of Colombo Stock Exchange Listing Rules. The Board shall make determination annually on the independent status of these Directors and shall disclose accordingly.

Best Practices

This report sets out the Group's approach to Corporate Governance Practices, which are mostly principal-based and have been formulated in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL), Securities and Exchange Commission of Sri Lanka (SEC), Companies Act No.7 of 2007, Listing Rules of the Colombo Stock Exchange (CSE) and Code of Business Conduct and Ethics.

My fellow directors and I fully appreciate and recognise the importance of, and is committed to, high standards of Corporate Governance, when managing the Company in an ethical, efficient and effective manner whilst nurturing an entrepreneurial culture.

Declaration

Furthermore, I take this opportunity and hereby affirm that I am not aware of any violation to the Code of Business Conduct and Ethics within the Expolanka Group having appointed as the Chairman of the Board on the 1st of July 2020.

Hitoshi Kanahori
Chairman

CORPORATE GOVERNANCE

Governance Structure

GRI 102-18

The Board of Directors of Expolanka identifies and accepts that good governance, accomplished through an ethical culture, effective control, competitive performance and legitimacy to enhance long term equity performance and to build sustainable value. In order to achieve the same, Expolanka has designed its Governance Structure based on principles of accountability, transparency, ethical management and fairness; and has been evolving throughout the years, to keep in line with the changes in the business, regulatory developments and best practices.

Accordingly, the Board of Directors, including the Chairman, is the apex body responsible for the stewardship function of the Company and is the top most unit which assumes responsibility and accountability for the continuance and development of premier standards of Corporate Governance.

The Board has delegated selected responsibilities to its Sub-Committees, with the view of adding more value by utilising the knowledge and expertise of Sub-Committees members. However, the Board retain the right of concluding a final decision of matters under the purview of Sub-Committees, which is in line with the business strategy and objectives.

Further, details of Board Sub-Committees are provided in respective Sub-Committees reports.

Board Meeting and Attendance

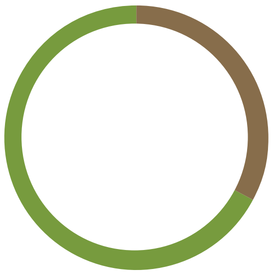
	Name of the Director	11.04.2020	26.05.2020	12.08.2020	09.11.2020	26.01.2021	Attendance Eligibility	Attended
1	Mr. Hitoshi Kanahori*	NA	NA	●	●	●	3	3
2	Mr. Naosuke Kawasaki*	●	●	NA	NA	NA	2	2
3	Mr. Hanif Yusoof	●	●	●	●	●	5	5
4	Mr. Harsha Amarasekera	●	●	●	●	●	5	5
5	Mr. Sanjay Kulatunga	●	●	●	●	●	5	5
6	Mr. Ha Yo*	NA	NA	●	●	●	3	3
7	Mr. Akira Oyama*	NA	NA	●	●	●	3	3
8	Mr. Motonori Matsuzono*	●	●	NA	NA	NA	2	2
9	Mr. Yoshifumi Matsubara*	●	●	NA	NA	NA	2	2

● Present ● Excused

* Mr. Naosuke Kawasaki, Mr. Motonori Matsuzono and Mr. Yoshifumi Matsubara resigned from the board of Expolanka Holdings PLC with effect from 30th June 2020 and Mr. Hitoshi Kanahori (Chairman), Mr. Ha Yo and Mr. Akira Oyama were appointed to the board with effect from 1st July 2020.

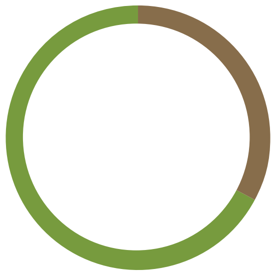
Board Composition

Directorship Status



- **2** - Executive Directors
- **4** - Non-Executive Directors

Independence Status



- **2** - Independent Directors
- **4** - Non-Independent Directors

Governance Framework

A robust framework of structures, policies, procedures and processes ensure that the standards and values are upheld throughout the Group. Accordingly, during the financial year 2020/21, the Directors have been engaged in streamlining the processes related to empowerment and accountability in order to ensure that it supports the good governance practices, leading to greater transparency within the Group.

The Corporate Governance Framework of the Company comprise of the following:
- Articles of Association
- Terms of Reference of Board and Board Sub-Committees
- Code of Business Conduct & Ethics
- Policies and Procedures
- Organisation Structure
- Risk Management Framework

The Board takes into account, Code of Best Practice in Corporate Governance jointly issued by the Institute of Charted Accountants of Sri Lanka, Securities and Exchange Commission and Listing Rules of Colombo Stock Exchange in setting the Governance Framework. The disclosures below indicate the level of conformance pertaining to the same.

Governance Checklist

This section of the annual report outlines the system of governance at Expolanka and its adherence to the requirements of the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission which comprises of eight fundamental aspects namely.

A. Directors
B. Directors' Remuneration
C. Relationship with Shareholders
D. Accountability and audit
E. Institutional investors
F. Other investors
G. Internet of things and Cyber security
H. Environment, Society and Governance (ESG)

CORPORATE GOVERNANCE

Section 1 – The Company

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A. Directors			
A.1. The Board **The Code prescribes the Board to effectively direct and control the affairs of the company. Expolanka is led by a professional, multi-disciplined and experienced Board of Management comprising of the Chairman, Chief Executive Officer (CEO) and Executive and Non-Executive Directors including two Independent Non-Executive Directors as at the 31st March 2021. The profiles of the Board of Directors are set under the Directors Profiles in this Annual Report.**			
A.1.1	Board Meetings	Compliant	The Board meetings are held periodically to decide on the strategic direction and review the performance of the Group aligned to the aspired corporate goals. The meetings are structured with an agenda and minutes of previous meeting along with other related board papers which are circulated to all board members, well in advance to facilitate informed and effective decision making. Additional meetings are also convened to deliberate on issues that demand immediate decisions. The attendance of the Board of Directors are given in the Corporate Governance Report of this Annual Report.
A.1.2	Responsibilities of the Board	Compliant	The Board is responsible to lead the strategic and business direction of the Group as described below. • Formulates and implements a sound business strategy with a structured monitoring process to ensure sustainability of the Group. • Evaluates and takes responsible decisions in relation to new business ventures or restructuring of existing companies, if necessary. • Ensures the CEO and the management team possess the right skills, experience and knowledge to implement the formulated strategy effectively with proper succession planning. • Appoints suitable members to the Board Sub Committees • Ensures effective systems to secure integrity of information, internal controls and risk management through delegation to the Audit Committee. (Compliance checklist is provided to all Board members to ensure compliance with applicable laws and regulations.) • Ensures all stakeholder interests are considered in corporate decisions making. • Accounting policies are reviewed annually to ensure compliance to evolving accounting standards including convergence towards the new Sri Lanka Financial Reporting Standards (SLFRS).

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.1.3	Compliance with laws and seek independent professional advice	Compliant	Board is collectively and individually committed to ensure compliance with all applicable laws and regulations and adheres to best governance practices. The Directors obtain independent professional advice if required for decision making.
A.1.4	Company Secretary	Compliant	SSP Corporate Services (Pvt) Ltd is appointed as the Group's Company Secretary to ensure that matters concerning the Companies Act, Board procedures and other applicable rules and regulations are followed. All Directors have access to the advice and services of the Company Secretary.
A.1.5	Independent judgment of the Directors	Compliant	All Directors exercise independent judgment and opinions on issues that are discussed and considered at the Board.
A.1.6	Dedicate adequate time and effort by the Directors	Compliant	Board Meetings are held on a periodic basis. The Chairman and the Board Directors dedicate adequate time for the affairs of the Group by attending Board and Sub Committee meetings assiduously. In addition, the Board Directors meet and discuss with the senior management on operational and strategic issues as and when required.
A.1.7	Decision on calling for a resolution	Compliant	Where necessary, in the best interest of the company, one-third of the Directors call for a resolution to be presented to the Board. Depending on the business demand, specific resolutions are approved through circulation and detailed board papers will be forwarded to support the same.
A.1.8	Training for new and existing Directors	Compliant	The Board recognises the need for continuous training. Adequate knowledge sharing opportunities are provided to acquire requisite skills and exposure to effectively discharge their duties.
A.2. Chairman and CEO **The Code prescribes to clearly differentiate the roles between the Chairman and the CEO to ensure balance of authority and good governance. The Chairman of the Group is responsible to effectively lead and guide the Board whilst the CEO is responsible to lead the senior management to ensure effective functioning of day to day operations of the Group, in consultation and guidance of the Chairman and the Board.**			
A.2.1	Segregated roles and responsibilities of the Chairman and CEO	Complaint	The position of the Chairman and CEO are separated in order to prevent unfettered powers of decision making to a sole individual.

CORPORATE GOVERNANCE

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.3. Chairman **As prescribed by the Code, the Chairman of the Group with his integrity and experience in corporate governance is responsible to lead the strategic direction of the Board. The Chairman guides the Board in all decisions and presides and maintains order at Board meetings.**			
A.3.1	Role of the Chairman	Compliant	The Chairman is responsible for the efficient conduct of Board meetings and to ensure, inter alia: ◉ The agenda for Board meetings is developed in consultation with the CEO, Directors and the Company Secretary taking in to consideration matters relating to strategy, performance, resource allocation, risk management and compliance. ◉ Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner. ◉ All Directors are made aware of their duties and responsibilities and the Board and committee structures through which it will operate in discharging its responsibilities. ◉ The effective participation of both Executive and Non-Executive Directors is secured; All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company. ◉ All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda. ◉ The views of Directors of issues under consideration are ascertained and a record of such deliberations reflected in the minutes. ◉ The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders,
A.4. Financial Acumen **As per the Code, the Board is to be represented by some members with financial acumen and knowledge to advice on matters related to finance.**			
A.4	Availability of sufficient financial acumen and knowledge	Compliant	The Board is made up of knowledgeable and experienced individuals for guidance on matters of finance and Management. One of the Directors is an Associate Member of Chartered Institute of Management Accounting as well as a Chartered Financial Analyst and chairs the Audit Committee.
A.5. Board Balance **The Code stipulates that the Board has to be fairly represented with a balance between Executive and Non-Executive Directors.**			
A.5.1	Presence of Non-Executive Directors	Compliant	Out of a total of six Directors in the Board, four are Non-Executive Directors. Names of the Directors category-wise are set out in the Annual Report under Board of Directors profiles.
A.5.2	Independent Non-Executive Directors	Compliant	Out of the Non-Executive Directors, two are Independent Non-Executive Directors complying with the requirement to have the higher of two, or two third of Non-Executive Directors, as Independent Non- Executive Directors.
A.5.3	Independence of Non-Executive Directors	Compliant	There are two Independent Non-Executive Directors and they are construed to be independent of management and free of any business or other relationship that could materially impair their independent judgment.

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.5.4	Declaration of Independence	Compliant	Each Independent Non-Executive Director submits a declaration of independence in a prescribed format.
A.5.5	Determination of independence of the Directors	Compliant	The Board has determined the independence of Directors based on the declarations submitted by the Independent Non-Executive Directors as to their independence, as a fair representation and the Board will continue to evaluate their independence on this basis annually.
A.5.6	Appointment of an Alternate Director	Not Applicable	An Alternate Director has not been appointed by a Non-Executive or an Independent Director.
A.5.7	Appointment of a Senior Independent Director	Not Applicable	The roles of the Chairman and the CEO are separated negating the applicability of this requirement.
A.5.8	Confidential discussions with Senior Independent Director	Not Applicable	Independent Directors participate in all meetings where confidential matters which the other Directors believe have not been properly considered, are discussed. However, no such matters have been brought up to conduct separate discussions.
A.5.9	Chairman's meetings with Non-Executive Directors	Compliant	The Chairman meets with Independent Non-Executive Directors as deemed necessary.
A.5.10	Recording of concerns in the Board Minutes	Compliant	All concerns that are not unanimously resolved will be recorded in the Board Minutes as per Company Policy. However, all decisions of the Board were taken unanimously and there were no concerns raised by the Directors which needed to be recorded in the Board Minutes during the reporting period.
A.6. Supply of Information **The Code stipulates the management to supply all relevant and timely information to the Board in order to make effective decisions for the company.**			
A.6.1	Management's obligation to provide appropriate and timely information to the Board	Compliant	The Management ensures that a set of timely, accurate, relevant and comprehensive information is provided to the Directors by way of a Board Paper prior to the Board Meeting, with adequate time for review and prepare for discussions.
A.6.2	Timely distribution of documents for Board meetings	Compliant	All papers related to the Board and Sub-Committee meetings are circulated at least seven days prior to the meetings.
A.8 Re-Election **All Directors should be required to submit themselves for re-election at regular intervals**			
A.8.1	Re-election of Non-Executive Directors	Compliant	Non-Executive Directors are subjected to a re-election process as specified by the Companies act and the re-appointment is not automatic.
A.8.2	Re-election of Chairman and Board Directors	Compliant	All Directors including the Chairman are subjected for election after their first appointment and have been re-elected at intervals of no more than three years.
A.8.3	Resignation	Compliant	In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.

CORPORATE GOVERNANCE

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.10 Disclosure of information in respect of Directors The Code specifies Disclosure of relevant details regarding Directors to all shareholders through the Annual Report.			
A.10.1	Details of Directors	Compliant	This Annual Report discloses the relevant details of the Board in the Board of Directors profiles and Corporate Governance sections.
A.11 Appraisal of CEO The Board is required to carry out an appraisal on the CEO's performance in relation to the Company's performance and set annual targets.			
A.11.1 & A.11.2	Setting annual targets and appraisal of the performance of the CEO by the Board	Compliant	The Board appraises the performance of the CEO against a prior set of agreed financial and non-financial, short to medium and long-term objectives and targets. The Board carried out the CEO evaluation at the end of the financial year.
B. Directors' Remuneration			
B.1 Procedure The Code specifies that a Remuneration Committee to be established formerly and transparently to independently determine the Remuneration Policy and the Remuneration of the Directors.			
B.1.1	Establishment of a Remuneration Committee	Compliant	A Remuneration Committee is appointed to assist the Board in establishing remuneration policy and guidelines for the remuneration of directors. As per the policy, no Director or employee are involved in deciding his/her own remuneration.
B.1.2	Composition of the Remuneration Committee	Compliant	Both members of the Remuneration Committee are Independent Non- Executive Directors.
B.1.3	Chairman and the members of the Remuneration Committee	Compliant	The Remuneration Committee composition is listed out in the Remuneration Committee report in this Annual Report.
B.1.4	Determination of remuneration of Non-Executive Directors	Compliant	The Board determines the remuneration of the Non-Executive Directors to ensure that it is aligned to the current market practices.
B.1.5	Consultation with the Chairman, CEO and access to professional advice	Compliant	The Remuneration Committee consults the Chairman and the Group CEO and has access to professional advice from within and outside the Company.

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
B.2 The level and make up of Remuneration The Code stipulates that the level of Remuneration for Directors to be sufficient to attract and retain the best in the Industry and a portion of Remuneration of Executive Directors to be linked to performance.			
B.2.1 & 2.2	Executive Directors' remuneration package	Compliant	The Remuneration Committee reviews industry and market practices and norms when setting the remuneration of Executive Directors.
B.2.2	Executive Directors' remuneration package	Compliant	The Company has a competitive directors' remuneration package which promotes long-term success.
B.2.3	Comparison of remuneration with other companies	Compliant	The Remuneration Committee compares the remuneration levels of the company with comparable industry norms.
B.2.4	Comparisons of remuneration with other companies in the Group	Compliant	The Remuneration Committee reviews and compares executive remuneration across the Group companies.
B.2.5	Performance related elements of remuneration of Executive Directors	Compliant	The Remuneration Committee reviews CEO's performance aligned to the pre agreed targets and goals in the best interest of the Company and the stakeholders. There are no performance related elements of remuneration for the Non-Executive Directors.
B.2.6	Executive share Options	Not Applicable	Presently the Group does not have Executive share option schemes.
B.2.7 & 2.8	Executive Directors' Remuneration	Compliant	The Company does not have any long-term incentive share option schemes. Non-Executive Directors are not eligible for performance based remuneration. A report from the Remuneration Committee is given in this Annual Report.
B.2.9	Early termination of Executive Directors	Compliant	There are no terminal compensation commitments other than gratuity in the company's contracts of service.
B.2.10	Remuneration for Non-Executive Directors	Compliant	Non-Executive Directors are remunerated in line with market practices and norms.
B.3 Disclosure of Remuneration As per the Code, the Company has to contain a statement of the Remunerations Policy and details of Remuneration of the Directors as a whole in the Annual Report.			
B.3.1	Disclosure of Remuneration	Compliant	A statement on Company's remuneration policy is set out in the Remuneration Committee Report in this Annual Report. The details of aggregate Remuneration of the Executive and Non-Executive Directors are disclosed in this Annual Report.

CORPORATE GOVERNANCE

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
C. Relations with Shareholder			
C.1. Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings **The Code stipulates that the Board shall convene an Annual General Meeting (AGM) to have a dialogue on company matters with the shareholders.**			
C.1.1	Adequate notice of the AGM	Compliant	The notice of AGM is circulated together with the Annual Report and Accounts which includes information relating to any other resolutions that will be set before the shareholders at the AGM 15 working days in advance as per Section 135 of the Companies Act No. 07 of 2007.
C.1.2	Separate resolution for all separate issues at the AGM	Compliant	Each substantial issue is proposed as a separate resolution. The adoption of the Annual Report of the Board of Directors, along with the Financial Statements, is also proposed as a separate resolution.
C.1.3	Use of proxy votes	Compliant	A Form of Proxy accompanies the Annual Report, when they are dispatched to the shareholders. The Company has a mechanism to record all proxy votes and proxy votes lodged on each resolution.
C1.4	Board Sub-Committee Chairman to be present at the AGM	Compliant	The Chairman of the Board ensures that the Chairman of Board Sub-Committees are present at the AGM to respond to any queries posed by the shareholders.
C.1.5	Procedures of voting at the AGM	Compliant	The proxy form including a summary of the procedures governing voting at the AGM is circulated to all shareholders.
C.2 Communication with Shareholders **The Code stipulates that the Board should implement effective communication with Shareholders**			
C.2.1	Dissemination of timely information	Compliant	All information pertaining to the Annual Report and Quarterly Financial statements will be disseminated through Corporate Communications of Expolanka Holdings PLC and the Company Secretary, SSP Corporate Services (Pvt) Ltd will circulate any other information.
C.2.2	Disclosure of Method of communication with Shareholders	Compliant	Expolanka Holdings PLC maintains an 'Open Door' Policy with regard to communication with shareholders and shareholders are welcome to direct their suggestions / inquiries to the Group CEO and Board Secretary.
C.2.3	Implementation of Policy and Method of communication	Compliant	Multiple channels of communication are available. The Feedback form in the Annual Report / the Group websites' contact us link, and the contact person details in the Annual Report are the main methods of communication. However interaction through investor meetings also serve as engaging forms of interaction.
C.2.4	Disclosure of Contact Person	Compliant	The contact person for shareholder engagement is disclosed in the Annual Report whilst a contact link in the website also serves as a conduit for interaction.
C.2.5	Process and Disclosure of Director's awareness of concerns of Shareholders	Compliant	Concerns are raised to the Group CEO for discussion with the Board, as and where the issues raised are deemed critical or noteworthy.

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
C.2.6	Requirements for the Contact Person	Compliant	Contact person details are clearly communicated in the inner cover page of this annual report. The contact person is well versed with the requirements of the role.
C.2.7	Process of Responding to Shareholder's matters	Compliant	Shareholder matters are to at the first line of interaction by the key contact person, if issues / suggestions / inquiries are raised to the Group CEO or the Board, resolutions or clarifications are made by the office of the Group CEO.
C.3 Major Transactions **All major transactions that will materially impact on the net asset base of the Company or the Group are to be disclosed to the shareholders.**			
C.3.1	Disclosure on major transactions	Compliant	Procedures are in place to disclose major transactions that will materially alter the net asset base. During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which had a material impact on the net asset base of the Company and the consolidated Group.
C.3.2	Public listed companies disclosures	Compliant	Procedures are in place to comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission and by the Colombo Stock Exchange.
D. Accountability and Audit			
D.1 Financial Reporting **The Code requires a fair and a balance report on the organisation's financial position, performance and prospect.**			
D.1.1	Present a balanced and understandable assessment of the Company's financial position compiling to relevant laws and regulations	Compliant	All efforts are taken to ensure that the Annual Report presents a balanced assessment of the Company's Financial position. Care has been exercised to ensure that all statutory requirements are compiled.
D.1.2	Board's responsibility for statutory and regulatory reporting	Compliant	The Company's Interim and Annual Financial Statements are prepared in accordance to the Sri Lanka Accounting Standards and the Company's Act No. 7 of 2007 and duly audited. The Interim and Annual Financial statements were published on time during the reporting period. All Regulatory Reports were filed by the due dates. Price sensitive information were disclosed to the Colombo Stock Exchange (CSE) on a timely basis during the financial year 2020/21.
D.1.3	Declaration by the Chief Executive and Chief Financial officer on the financial statements	Compliant	The declaration is available under the Statement of Directors' Responsibility and Statement of Financial Position.

CORPORATE GOVERNANCE

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D.1.4	Directors' Report in the Annual Report	Compliant	The Annual Report of the Board of Directors on the Affairs of the Company containing the subject declarations is given in page 108 of this Annual Report.
D.1.5	Statement of Directors' and Auditor's responsibility for the Financial Statements	Compliant	A Report on the Statement of Directors' Responsibilities is given in page 112 of this Annual Report. The Auditor's Report on the financial statements for the year ended 2020/21 is given on page 116
D.1.6	Management Discussion and Analysis	Compliant	Management Discussion and Analysis is presented on the Company together with the subsidiaries as separate sections in this Annual Report.
D.1.7	Summon an Extra Ordinary General Meeting (EGM) to notify serious loss of capital	Compliant	EGMs are held for companies complying with the requirements.
D.1.8	Disclosure of Related party transactions in the Annual Report	Compliant	Related party Transactions have been disclosed in note – 29 - Related Party Disclosures (page 176) under Notes to the Financial Statements.
D.2 Internal Control **The Board is required to maintain a comprehensive system of Internal Controls and Risk Management to safeguard the shareholder's wealth and Company's sustainability.**			
D.2.1	Review the effectiveness of internal controls	Compliant	The Board has the overall responsibility for the system of internal controls covering financial, operational, compliance and risk management. The Board has delegated these responsibilities to the Audit Committee. Systems have been designed to provide the Directors with the reasonable assurance that assets are safeguarded; transactions are authorised and recorded properly whilst material errors and irregularities are prevented, detected and rectified effectively.
D.2.2	Review and Confirm on the assessment of the principal risk faced by the company and how they are being mitigated	Compliant	Please refer Annual Report of the Board of Directors on the Affairs of the Company on page 108 for the declaration.
D.2.3	Internal Audit function	Compliant	Internal Audit Function is available in the Organisation.
D.2.4	Review the process of Internal Control and Risk Management	Compliant	Internal audit function has been outsourced to Messrs. PricewaterhouseCoopers Advisory Services (Pvt) Ltd and independent internal teams work closely with the auditors to ensure that the audits are conducted and completed efficiently. Group's Risk & Control Department coordinates and ensures that recommendations are implemented conscientiously apart from carrying out various other audits and special assignments across the Group. The effectiveness and the scope of the Internal Audit Function is assed periodically.

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D.2.5	Director's responsibility on maintaining a system of Internal Control and Contents of the Statement of Internal Control	Compliant	Audit Committee statement on Internal Controls and contents of the Statement of Internal Control have been highlighted in the Annual Report under the Annual Report of the Board of Directors on the Affairs of the Company.
D.3 Audit Committee **The Board is responsible to appoint an Audit Committee to establish a formal and transparent process to select Accounting Policies, Financial Reporting and Internal Controls and to maintain a good Relationship with the Auditors.**			
D.3.1	Composition of the Audit Committee	Compliant	The Audit Committee comprises of two Independent Non-Executive Directors. Please refer the Audit Committee Report in this Annual Report.
D.3.2	Terms of Reference of the Audit Committee	Compliant	The Audit Committee operates on a clearly defined Terms of Reference which focuses on the purpose of the Committee, its duties and responsibilities including the scope and functions of the Committee.
D.3.3	Duties of the Audit Committee and disclosures of the Audit Committee		Please refer the Audit Committee Report on page 113. The Audit Committee Report highlights the names of the members, determination of independence of auditors and other relevant information.
D.4. Related Party Transactions Review Committee **The Code requires the Company to not engage in transaction with related parties in a manner that would grant such parties more favourable treatment.**			
D.4.1	Related Party and Related Party transactions	Compliant	The Company's related party and related party transactions is defined as per LKAS 24
D.4.2	Composition of the Related Party Transactions Review Committee	Compliant	The Related Party Transactions (RPT) Review Committee comprises of two Independent Non-Executive Directors and the Chairman is an Independent Non-Executive Directors appointed by the Board. Please refer the RPT Review Committee report.

CORPORATE GOVERNANCE

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D.4.3	Disclosure of RPT Review Committee	Compliant	• Related Parties documentation is done as per the definition of LKAS 24 and the CSE Listing Rules and to comply with the requirement under section D.4.2 of the code. • A procedure to obtain a statement of related party interest from each such related party at least once in each quarter, when there's a change in the status and in any event prior to entering into any transaction between such related parties and the company, its parent or any of subsidiaries, sub-subsidiaries, fellow subsidiaries, associates, joint ventures and any other entries which are considered related parties as defined as LKAS 24 unless they are exempted related party transactions as defined in CSE listing Rules. • Key Management personnel of the company responsible for contracting, procurement, payments, and any other channel through which have an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any related party transaction within their area of responsibility. • A procedure to inform all related parties of what constitutes exempted related party transactions. • A procedure to identify and for directors to report recurrent and non-recurrent related party transactions and to obtain Board or Shareholder approval by special or ordinary resolution as required by the CSE Listing Rules. • A procedure and guideline to delegate to Key Management Personnel to deal with recurrent related party transactions as defined in the CSE Listing Rules. • A procedure for the RPT Review Committee to review and recommend to the Board matters relating to such transactions. • Any interested Director should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/information. • A procedure and definition of disclosures required to be made by the company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval. • A procedure to identify related party transactions which require immediate disclosures as per the CSE listing rules and to ensure that required disclosures are made by the Company to the Colombo Stock Exchange in accordance with the CSE Listing rules. • A procedure to identify related party transactions which require shareholder approval by special resolution at an extra-ordinary general meeting. • The Company secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals and minutes. • Review and recommend to the Board the related party disclosures to be made in the Annual report of the Company.

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D.5. Code of Business Conduct and Ethics The Code stipulates the Company may adopt a Code of Business Conduct and Ethics Directors and key Management Personnel and to declare any material violations.			
D.5.1	Disclosure of Code of Business Conduct and Ethics	Compliant	The Company has adopted and is in compliance to the Code of Business Conduct and Ethics applicable to Directors and all employees across the Group. Any violation of the Code is taken for consideration.
D.5.2	Process to ensure the material and price sensitive information is promptly identified and reported	Compliant	The Company has a process in place to ensure material and price sensitive information is promptly identified and reported in accordance with relevant regulations.
D.5.3	Disclosure on Key Management/ any other employees involved in financial reporting personnel shares	Compliant	All the Directors, Key Management Personnel and employees of the Company are required to declare details of their dealings in shares of the Company in a prescribed format to the Company Secretary. Shares pertaining to the Key Management Personnel information are duly disclosed.
D.5.4	Affirmation of the Code of Business Conduct and Ethics	Compliant	Please refer the Chairman's Statement on Corporate Governance and the Annual Report of the Board of Directors which affirm that there are no material violations of the Company's Code of Business Conduct and Ethics during the reporting period.
D.6 Corporate Governance Disclosures The Code requires the Company to disclose the extent to which the Company adheres to established practices and principles good Corporate Governance.			
D.6.1	Disclosure of Corporate Governance	Compliant	The Corporate Governance Report herein sets out the manner in and the extent to which the Company has complied with the Code of Best Practice on Corporate Governance jointly issued by the ICASL and SEC.

Section 2 – Shareholders

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
E. Institutional Investors			
E.1 Shareholder Voting The Code specifies the Company to engage the institutional shareholders and encourage them to exercise their voting rights in key decision making.			
E.1.1	Communication with shareholders	Compliant	The AGM provides an ideal forum for shareholders to express their views and vote for key decisions. The Chairman ensures that any view expressed by investors at the AGM is discussed at the Board level. Shareholders are provided with Quarterly Financial Statements and the Annual Report including the operational and financial performance of the reporting year. These reports are also made available on the Group's official website and are provided to the Colombo Stock Exchange.

CORPORATE GOVERNANCE

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
E.2 Evaluation of Governance Disclosures **The Code specifies obtaining a feedback from institutional investors on the governance structure, composition and practices.**			
E.2.1	Due weight by institutional Investors	Compliant	The Corporate Governance Report contains the Company's governance arrangements and Institutional investors are encouraged to give a feedback on the governance arrangements.
F. Other Investors			
F.1	Individual Shareholders	Compliant	The Annual Report contains sufficient information in order to carry out adequate analysis or seek independent advice regarding Investing / Divesting decisions. Following are the main reports included in this Annual Report which provide an overall assessment of the Company's affairs during the financial year 2020/21 and the way forward: ⦿ Chairman's Review ⦿ CEO's Review ⦿ Management Discussion and Analysis ⦿ Annual Financial Statements
F.2	Shareholder voting	Compliant	All shareholders are encouraged to participate at the AGM and cast their votes or exercise their proxy for decision making.
H. Environment Society and Governance			
H.1 ESG Reporting			
H.1.1	Disclosure on ESG reporting		Companies should provide information in relation to: ⦿ The relevance of environmental, social and governance factors to their business models and strategy. ⦿ How ESG issues may affect their business, e.g. through legislation, reputational damage, employee turnover, license to operate, legal action or stakeholder relationships, and how these impacts may affect business strategy and financial and operational performance ⦿ How risks and opportunities pertaining to ESG are recognised, managed, measured and reported.
H.1.2	The Environment	Compliant	The environment has been discussed in the Natural Capital Report in the Annual Report.
H.1.3	Social Governance	Compliant	Engagement with the society and Labour practices have been discussed under the Integrated Management Discussion and Analysis section which is available from page 27 to page 56 in this Annual Report
H.1.4	Governance	Compliant	Please refer the Corporate Governance section in this Annual Report for the governance structure
H.1.5	Board's role on ESG factors	Compliant	

SECTION B

This section covers the extent of Group's commitment and compliance to the Continuing Listing Requirements Section 7.10 of the Rules on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange under the following headings:

A. Non- Executive Directors
B. Independent Directors
C. Disclosures relating to Directors
D. Remuneration Committee
E. Audit Committee

CSE Rule No.	Subject	Requirement	Compliance	Details
7.6 (i)	Contents of Annual Report	Names of persons who during the financial year were directors of the Entity.	Compliant	List of Directors with their profiles are available on page 18 of this annual report
7.6 (ii)	Contents of Annual Report	Principal activities of the Entity and its subsidiaries during the year and any changes therein.	Compliant	Principal activities of the company are explained on page 108
7.6 (iii)	Contents of Annual Report	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.	Compliant	As of the end of the financial year 2020/21, Expolanka Holdings PLC has only issued voting shares and the top 20 shareholders are available on Share Information note on page 189
7.6 (iv)	Contents of Annual Report	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Compliant	Information on float adjusted market capitalisation and related information are available under the Share Information note on page 189
7.6 (v)	Contents of Annual Report	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.	Compliant	Opening and closing balances of shares held by the Directors and the CEO are available on page 190
7.6 (vi)	Contents of Annual Report	Information pertaining to material foreseeable risk factors of the Entity.	Compliant	Information on material risk factors are discussed under the Risk Management Report on page 93
7.6 (vii)	Contents of Annual Report	Details of material issues pertaining to employees and industrial relations of the Entity.	Compliant	Information on Human Resources of the company are discussed under the Human Capital section on page 43
7.6 (viii)	Contents of Annual Report	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Compliant	Information on lands and buildings held by the company are available on page 187, Group Real Estate Portfolio
7.6 (ix)	Contents of Annual Report	Number of shares representing the Entity's stated capital.	Compliant	Available under Share Information on page 189

CORPORATE GOVERNANCE

CSE Rule No.	Subject	Requirement	Compliance	Details
7.6 (x)	Contents of Annual Report	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the prescribed manner.	Compliant	Information are available under Share Information on page 189
7.6 (xi)	Contents of Annual Report	Prescribed Equity and Debt ratios with market price information.	Compliant	Equity and Debt ratios are available on page 188 and share price related information are available on page 189
7.6 (xii)	Contents of Annual Report	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value;	Compliant	Significant changes have not occurred to the Company's fixed assets and market value of lands
7.6 (xiii)	Contents of Annual Report	If during the year the Entity has raised funds either through a public issue, Rights Issue, and private placement; a. a statement as to the manner in which the proceeds of such issue has been utilised. b. if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and, c. any material change in the use of funds raised through an issue of Securities.	Compliant	During the financial year 2020/21, the company has not raised funds through a public issue, Rights Issue or through a private placement
7.6 (xiv) (a)	Employee Share Option Schemes	The following information shall be disclosed in the Annual Report of the Listed Entity in respect of each ESOS: a. The number of options granted to each category of Employees during the financial year. b. Total number of options vested but not exercised by each category of Employees during the financial year. c. Total number of options exercised by each category of Employees and the total number of shares arising therefrom during the financial year. d. Options cancelled during the financial year and the reasons for such cancellation. e. The exercise price. f. A Declaration by the directors of the Entity confirming that the Entity or any of its subsidiaries has not, directly or indirectly, provided funds for the ESOS.	Not Applicable	No Employee Share Option Schemes are available

CSE Rule No.	Subject	Requirement	Compliance	Details
7.6 (xiv) (b)	Employee Share Purchase Scheme	The following information shall be disclosed in the Annual Report of the Listed Entity in respect of each ESPS: a. The total number of shares issued under the ESPS during the financial year. b. The number of shares issued to each category of Employees during the financial year. c. The price at which the shares were issued to the Employees. d. A Declaration by the directors of the Entity confirming that the Entity or any of its subsidiaries has not, directly or indirectly, provided funds for the ESPS.	Not Applicable	No Employee Share Purchase Schemes are available
7.6 (xv)	Corporate Governance Practices	Disclosures pertaining to Corporate Governance practices	Compliant	Disclosures relating to Corporate Governance practices are available from page 74 and 92
7.6 (xvi)	Related Party Transactions	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower to be disclosed	Compliant	Please refer to the commentary of Section 9.3.2 (a)
7.10 (a)	Corporate Governance - Compliance	A Listed Entity shall publish in the annual report relating to the financial year commencing on or after 01st April 2007 a statement confirming that as at the date of the annual report they are in compliance with the Corporate Governance Rules and if they are unable to confirm compliance, set out the reasons for its inability to comply.	Compliant	Statement on Corporate Governance is available on page 73
7.10 (c)	Corporate Governance - Compliance	Listed Entity shall make disclosures of compliance with Corporate Governance Rules applicable to that sector and the annual report must contain the relevant affirmative statements.	Compliant	Compliance status of Corporate Governance Rules are available from page 74 to 92
7.10.1(a)	Non-Executive Directors	Two or one third of the total number of Directors, whichever is higher, shall be Non-Executive Directors.	Compliant	The Board comprises of four Non-Executive Directors out of the total of six Directors.
7.10.2 (a) & (b)	Independent Non- Executive Directors	Two or one third of Non-Executive Directors, whichever is higher, shall be independent. Declaration of Independence by Non-Executive Directors	Compliant	The Board comprises of two independent Non-Executive Directors. Non-Executive Directors have submitted a declaration of Independence

CORPORATE GOVERNANCE

CSE Rule No.	Subject	Requirement	Compliance	Details
7.10.3 (a)	Disclosure relating to Directors	The names of all Independent Directors shall be disclosed in the Annual Report.	Compliant	Please refer Directors Profiles section in this Annual Report on page 18 for Directors' disclosures
7.10.3 (b)	Disclosure relating to Directors	In the event a Director does not qualify as "independent" as per the rules of Corporate Governance but if the Board is of the opinion that the Director is nevertheless independent, it shall specify the basis of the determination in the Annual Report.	Compliant	Both Independent Directors have been serving the Board for a period exceeding 9 years, disqualifying them as Independent Directors. However, the Board has reviewed their independence status against other criteria set out in the rule and have determined that they are continued to be independent. Accordingly, the Independent Directors have been re-appointed to the Board. Please refer Chairman's Statement on Corporate Governance on page 71
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director which includes information on the nature of his/her expertise in relevant functional areas is to be published in the Annual Report.	Compliant	Directors Profiles are disclosed on page 18 of this Annual Report
7.10.3 (d)	Disclosure relating to Directors	Upon appointment of a new Director to its Board, the Company shall forthwith provide to the CSE a brief resume of such Director.	Compliant	During the year under review, 3 new Directors were appointed to the Board of the Company and related disclosures have been made on CSE on the 2nd of July 2020
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Compliant	Refer Remuneration Committee Report of this Annual Report.
7.10.5 (a)	Remuneration Committee – Members	The Remuneration Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors, whichever is higher.	Compliant	The Remuneration Committee comprises two Independent Non-Executive Directors.
7.10.5 (b)	Remuneration Committee Functions	The Remuneration Committee shall recommend to the Board remuneration payable to the Executive Directors and to the CEO.	Compliant	Refer Remuneration Committee Report of this Annual Report.
7.10.5 (c)	Disclosure in the Annual Report	The Annual Report should set out: ⦿ Names of the Directors of the Remuneration Committee ⦿ The statement of Remuneration Policy ⦿ Aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	All related information have been disclosed under the Remuneration Committee Report of this Annual Report on page 103. Remuneration paid to Executive and Non-Executive Directors are mentioned under the Annual Report of Board of Directors on the Affairs of the Company on page 108

CSE Rule No.	Subject	Requirement	Compliance	Details
7.10.6	Audit Committee	A listed company shall have an Audit Committee.	Compliant	Refer Audit Committee Report of this Annual Report.
7.10.6 (a)	Composition of the Audit Committee	⦿ The Audit Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors, whichever is higher. ⦿ One of the Non-Executive Directors shall be appointed as the Chairman of the Committee by the Board of Directors ⦿ The CEO and CFO shall attend the Audit Committee meetings ⦿ The Chairman or one member of the Audit Committee shall be a member of a recognised professional accounting body	Compliant	⦿ The Audit Committee comprises of two Independent Non-Executive Directors ⦿ Mr. Sanjay Kulatunga (Independent Non-Executive Director) acts as the ⦿ Chairman of the Committee ⦿ The Group CEO and Director - Group Finance attend meetings by invitation ⦿ The Chairman is an Associate Member of the Chartered Institute of Management Accountants and is a Charterholder from CFA
7.10.6 (b)	Functions of the Audit Committee	The Audit Committee shall oversee the following functions. ⦿ Preparation, presentation and disclosure of the financial statements and ensure they are in line with the Sri Lanka Accounting Standards ⦿ Compliance with financial reporting, Companies Act and other financial reporting regulations and requirements ⦿ Processes to ensure that Internal Controls and risk management are adequate to meet the requirements of Sri Lanka Accounting Standards ⦿ Assessment of the independence and performance of external auditors ⦿ Appointment, re-appointment and removal of external auditors and approve the terms of remuneration and terms of engagement.	Compliant	Refer the Audit Committee report on this Annual Report on page 113
7.10.6 (c)	Disclosure in the Annual Report	The Annual Report shall disclose: ⦿ Names of the Directors of the Audit Committee ⦿ The determination of the independence of the Auditors and the basis for such determination ⦿ A report by the Audit Committee setting out the manner of compliance with the listing rule 7.10 on Corporate Governance	Compliant	Refer the Audit Committee Report on this Annual Report on page 113

CORPORATE GOVERNANCE

CSE Rule No.	Subject	Requirement	Compliance	Details
9.3.2 (a)	Related Party Transactions - Disclosures in the Annual Report	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements information listed out in the rule must be presented in the Annual Report:	Compliant	There were no non-recurring transactions during the year under review.
9.3.2 (b)	Related Party Transactions - Disclosures in the Annual Report	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented	Compliant	Information pertaining to recurrent related party transactions during the financial year 2020/21 have been disclosed under note 16.6 - Recurrent Related Party Transactions on page 163
9.3.2 (c)	Annual Report disclosure	Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: a. Names of the Directors comprising the Committee; b. A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/observations to the Board of Directors. c. The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. d. The number of times the Committee has met during the financial year	Compliant	Please refer page 101 for the Report on Related party Transactions Review Committee
9.3.2 (d)	Declaration by the Board of Directors	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions or a negative statement in the event the entity has not entered into any Related Party Transaction/s.	Compliant	Please refer page 108. The Affirmative statement is given in the Report on Board of Directors on the Affairs of the Company.

RISK MANAGEMENT REPORT

Risk is an integral element of business and corporate governance, and it is characterised by both threats and opportunities, which may have an impact on future performance and the financial results. Our business is subject to a number of risks and uncertainties that could have both short-term and long-term implications for the Group and can affect the ability to meet organisational values, objectives and goals.

As a global company, Expolanka is required to comply with a wider range of regulatory requirements and manage other varied risks which are dynamic in nature coupled by volatile market environment with increased competitive intensity. In light of this, timely identification, assessment, and management of risks and opportunities is of paramount importance.

A well-managed business with optimal output lies at the heart of our performance ambition and robust risk management drives for better commercial decisions, safeguard our on and off balance sheet assets and supports a growing, resilient and sustainable business. In conducting our business and executing our strategy, we seek to manage risks in such a way as to minimise their threats while making the best use of their opportunities to ensure sustainable growth through an enhanced global footprint and increased service portfolio across the value chain.

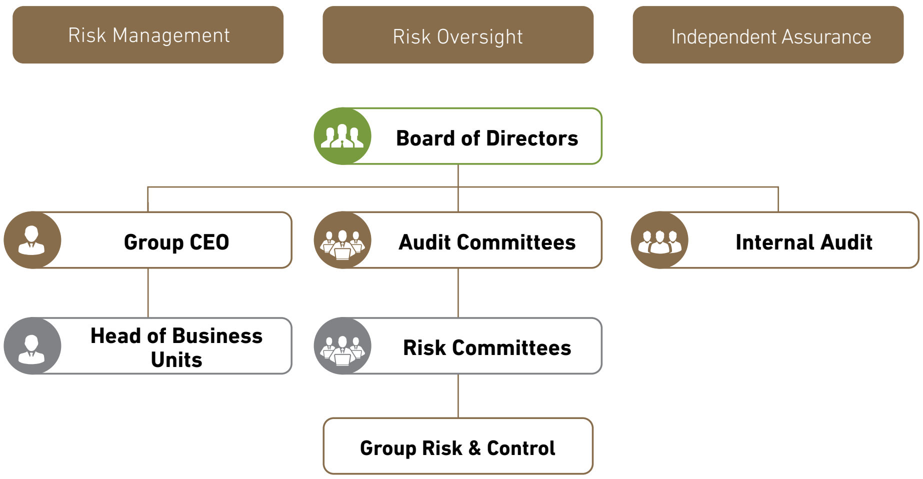
The external operating environment altered materially in 2020/21, resulting in rapid and dynamic changes to the risk landscape. One of the main points of focus from a strategic point of view, continues to be the impact of ongoing pandemic and the uncertainty around it. Risk management has taken on a new dimension given the uncertainty brought on by COVID-19. The need for structured but agile risk management has thus intensified due to the continued impact to the macro-economic trends resulting from the pandemic. Despite the significant disruption driven by Covid-19, the Group performed exceedingly well during the year by executing and leveraging on the BCP's which were in place. The risk management approach adopted helped in early identification of changes in the market and paved the way for successful execution of the business and risk management strategies resulting in exceptional performance where the Risk management was integral to strategies of the organisation.

Risk management is a fundamental element of the Group's business practice on all levels and an integral part of groups' various workflows. We are committed to ensuring that systematic, holistic and proactive management of risks and opportunities is among its organisational core capabilities, and that a culture is fostered where both are carefully considered in all business decisions.

Risk Governance Structure

Expolanka has established a risk governance that is consistent with the size and complexity of the organisation and the risk profile of the Company. Expolanka's governance identifies, establishes and reinforces the importance of oversight responsibilities for risk management and also ensures accountability for managing risk is embedded into our management structures.

Expolanka applies a differentiated governance approach at the legal entity level, depending on the materiality of individual entities where companies with high risk profiles are subject to enhanced governance.



We remain strongly committed to maintaining and strengthening a workplace culture in which employees uphold the highest standards of behavior and aim to continually increase risk awareness to make it an integral part of the company culture. The Code of Conduct of the Group articulates the values that staff are expected to demonstrate and form the basis of all behaviors and actions. It is actively promoted by Management and cascaded through the organisation and all staff attest that they have read and understood the Code of Conduct at the time of recruitment. Processes are already in place to ensure greater comfort for staff reporting concerns across a range of issues.

Risk Management Framework

Expolanka's risk management framework consists of systems, structures, policies, processes and people that identify, monitor, report and control or mitigate internal and external sources of material risks.

RISK MANAGEMENT REPORT

Expolanka has adopted the three-lines-of-defense model, which reflects the segregation between Business (first line), Oversight functions (second line), and the Independent Audit function (third line) where;

- As the first line of defense, Business Units own and manage risks and is responsible for maintaining effective internal controls
- Audit Committee and Risk Committee forms the second line of defense and provides independent and objective review and challenge, oversight, monitoring and reporting in relation to Group's material risks
- Independent audits, as the third line, provides independent and objective risk based assurance on the compliance with, and effectiveness of, Expolanka's risk management systems and processes

The three lines of defense model adopted sets responsibilities across the organisation and ensures each group understands the boundaries of their responsibilities and how their position fits into the organisation's internal control and risk management system. This approach is designed to achieve a strong, coherent and Group-wide risk culture built on the principles of ownership and accountability.

Role	Responsibility	Line of Defense	Scope
Risk Management	Group CEO, Business Unit Heads & Individuals	1st Line of Defense	Primary responsibility for risk management lies at the business level. Part of the role of all business managers is to ensure they manage risks appropriately. As the first line of defense, heads of individual divisions and departments manage risks faced by their business units/functions. As the risk owners, they identify and evaluate the risks which may potentially impact the achievement of their business objectives, mitigate and monitor the risks by designing and executing control procedures in their day-to-day operations complying with specific risk instructions as well as the Group's other guidelines.
Risk Oversight	Board Oversight - Audit Committee	2nd Line of Defense	Audit Committee acting on behalf of the Board is charged with supervising, monitoring, and advising the Board in relation to the functioning of the internal risk management and control systems. It also oversees risk mitigation efforts of the management to manage the significant risks of the Group.
	Risk Committee		The Risk Committee assists the Audit Committee in discharging its Corporate Governance responsibilities for risk management and internal controls. It monitors the Group's overall risk profiles by reviewing the key risks. The Risk Committee meets at least four times each year and keeps the Audit Committee informed about its activities.
Independent Assurance	Internal Audit/ External Audit	3rd Line of Defense	The third line consists of independent audit of processes and procedures carried out by Internal and External Audit. Internal Audit plans engagements through conducting necessary consultation sessions with the Risk Committee and Senior management to identify the relevant risks faced by the Group. As the 3rd line of defense, Internal Audit adopts a risk based approach in undertaking the internal audits to provide independent assurance to Senior Management and the Board on the adequacy and operational effectiveness of internal control, risk management, and governance systems and processes. Internal Audit assesses whether risks have been adequately identified, appropriate internal controls are in place to manage those risks and whether those controls are working effectively. Issues identified by Internal Audit are followed up to validate remediation. The risk assessment results are also mapped to the internal audit plan to ensure the audit performed systematically covers all the significant risks and the corresponding key controls.

Risk Management Process

The Group's Risk Management process continues to evolve, remains flexible and is relevant to our business needs in an ever changing environment - an integral component in our strategy. One of Expolanka's core priorities is to continuously strengthen risk management processes which would enable to maintain our medium-low risk profile in the face of an ever-changing economic, social and regulatory environment. Our focus is to identify and embed mitigation actions for material risks which could impact our current or future performance, and/or our reputation.

We use internal and external data to monitor our risks and to make proactive interventions. We also establish cross-functional working groups and draw on the advice of experts where necessary to ensure significant risks are effectively managed. The main strategic risks identified by the Group are regularly monitored by senior management, including any mitigating actions and appropriately escalated to the Executive and Board for consideration, as necessary. During the year under review, the company has run multiple scenarios to assess the potential impacts of the COVID-19 pandemic on its portfolio to assist in the organisation's prudent risk management.

Mechanisms for identification of risks include findings from internal and external audits, self-assessment questionnaires, insurance risk reviews, exceptions reporting, incident analysis, periodic assessments of the business environment, analysis of the company's performance relative to the agreed expectations and discussions with the Audit and Risk Committee. Risk is analyzed and evaluated to understand the potential impact and likelihood of occurrence and is prioritised and treated as applicable.

The Risk Committee assists the Audit Committee in discharging its Corporate Governance responsibilities for risk management and internal controls by monitoring the Group's risk profile. The Risk Committee meets at least four times each year and keeps the Audit Committee informed about its activities on a quarterly basis. The Risk Committee being part of the operational eco-system of the business also engages with Senior Management, Functional Heads and other stakeholders of the Group to ensure operational and functional risk aspects are duly discussed and escalated for direction.

Expolanka has also formed dedicated sub-committees such as Operational Risk Committee and Cyber Security Committee to ensure deeper review of key areas of risk with focus as part of greater governance and risk management. Key matters of discussion from the sub committees are reviewed at the Risk Committee for deliberation and direction as applicable.

The Group considers compliance pertaining to all laws and regulations to be imperative. We have deployed Compliance Management System (CMS) to periodically report and monitor the statutory and regulatory compliance status across the Group. The status of compliance and effectiveness of the Compliance Management System (CMS) is overseen by the Risk Committee.

A clearly defined and documented authority matrix has been rolled out across the Group to govern the business which is reviewed and updated periodically to ensure continuous improvements, to reflect changing risks and to resolve operational deficiencies. The authority matrix establishes a sound framework of authority and accountability within the Group, including segregation of duties which facilitates effective and quality decision-making at appropriate levels in the Group's hierarchy.

The increased risk and safety and welfare of our workforce has been of paramount concern due to the COVID-19 pandemic. An Executive Working Group was formed to implement risk mitigation actionables in alignment with government protocols to ensure utmost safety of our employees. Robust employee safety protocols included having all employees who were able to do so working remotely, and heightened sanitation measures and restrictions on movement to and from our facilities. Moreover, protocols for a safe return to work have been developed and are being implemented on a location-by-location basis in line with government guidelines. A digital reporting platform was developed in-house to monitor the attendance of staff on a daily basis including additional information such as residing city, mode of travel, place of visit etc. to identify, track and mitigate any exposures.

The Risk Committee and Audit Committee periodically review significant risks and provide complementary insights into existing and emerging risks. A continuous dialogue between the Board, Audit Committee and the Management is maintained in order to assure the Group's effectiveness in this area.

Risk Factors

A risk that can seriously affect our performance, future prospects or reputation of the Group is termed a Principal Risk. The perceived principal risks the Group exposed to and the mitigating controls in place to manage these risks have been provided in the table below. These risks thus identified are considered and reviewed at various stages within our business process continuously and appropriate risk responses and strategies are implemented to ensure that our principal risks are managed effectively. The Principal Risk identified helps bring governance and management focus to the key risks which may prevent the Group from achieving its stated goals and objectives.

Our principal risks remain unchanged and continue to reflect a challenging external environment. They do not comprise all our risks and are not set out in priority order. Additional risks not presently known, or currently deemed to be less material, may also have adverse effects.

RISK MANAGEMENT REPORT

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 18/19	Risk Grading 19/20	Risk Grading 20/21
Business Partner Risk	Loss of principals/ business partners, customers, suppliers, JV partners due to global mergers and acquisitions, intense competition, service level gaps	⦿ Transaction to solution driven business initiatives to add value to the service provided. ⦿ Improvement to Service Level Agreements ⦿ Investment committee evaluations on new investments ⦿ Consolidation of equity stake of subsidiaries ⦿ Formalisation and standardisation of agreements with business partners ⦿ Meeting customer requirements on reporting compliance and service delivery ⦿ Enabling and expanding core network strength ⦿ Improved integration through technology with business partners ⦿ Increasing the services portfolio across the value chain	Medium	Medium	Medium
Product & Market Dependency Risk	Loss of market share or market leadership in relevant segment due to intense competition from existing and potential competitors, changes in customer attitudes due to adverse economic and social conditions.	⦿ Synergistic acquisitions to broaden the product and market range ⦿ Enhanced overall supply chain management and to provide a comprehensive value added solutions to the customer ⦿ Customer broad basing and providing additional services to increase wallet share ⦿ Strengthening of core product market verticals ⦿ Broadening the reach through branch operations ⦿ Product diversification through active venturing into other verticals apart from our specialised area of apparels ⦿ Increasing footprint in the other regions thus reducing concentration risk ⦿ Trade lane performance consolidation	Medium	Medium	Medium
Credit risk	Probable income loss arising due to the probability of default by the company's debtors.	⦿ Credit Evaluation and Approvals ⦿ Company-wise credit policies ⦿ Credit default recoveries through centralised legal department ⦿ Increased focus and follow up on debtor collections ⦿ Monitoring of market on customer's and agent's credit profiles ⦿ Deeper credit monitoring for certain business segments and extensive reporting ⦿ Online screening for bad/ sanctioned customers	Medium	Medium	Medium

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 18/19	Risk Grading 19/20	Risk Grading 20/21
Investment Risk	The future profitability of the group is affected by the degree of realisation of expected earnings on investments.	⦿ Investment appraisal on new ventures by the Investment Committee ⦿ Investment selection based on the core business domain verticals aligning with the growth strategy of the organisation ⦿ Expert Legal advice on investment agreements ⦿ In-depth Financial, Commercial and Legal due diligence on investment prior to decision making ⦿ Established project evaluation criteria driven by financial, commercial and strategic parameters ⦿ Strong governance structure for project approvals ⦿ Continuous review from project implementation to maturity ⦿ Post-merger integration to maximise synergies	Medium	Medium	Medium
Legal & Compliance Risk	Non-compliance pertaining to statutory and regulatory provisions could bring adverse effect on our businesses.	⦿ Monthly Report and review of Statutory Compliance ⦿ Legal Policies and Procedures ⦿ Screening process to avoid dealing with sanctioned customers/ countries ⦿ Improvements to tighten data protection of stakeholders ⦿ Improved governance structure pertaining to legal and compliance ⦿ Periodic self-evaluation and legal audit on compliance ⦿ Process automation on risk and compliance related reporting	Medium	Medium	Medium
Human Capital Risk	Risk arising as a result of failure to attract, develop and retain a skilled workforce.	⦿ Improved performance evaluation and measurement process ⦿ Increased HR engagement to drive the culture across the group ⦿ Working towards building a strong succession plan through the leadership development programme called "EFL Leap" ⦿ Enhanced sources of recruitment	Low	Low	Low

RISK MANAGEMENT REPORT

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 18/19	Risk Grading 19/20	Risk Grading 20/21
System & Technology Risk	Potential for system failures, Inaccuracy or delays in decision making due to inaccurate or unavailability of timely information from key computer systems and cyber attacks.	⦿ Independent ITGC Audit ⦿ Improved security over IT systems and processing information to increase confidentiality and integrity of data. ⦿ Recruitment of specialised IT security personnel ⦿ Implementation of Disaster Recovery with latest technologies to support business continuity. ⦿ Improvement of existing IT security infrastructure and implementation of new firewall system to support branch network. ⦿ Trainings on existing and latest best suited technologies and adaptation of available IT best practice to align with IT governance. ⦿ Regular system penetration test to identify system vulnerabilities and action plans to address the same ⦿ Adopting to the technological advancement ⦿ Specialised systems to cater to respective business requirements	High	High	Medium
Foreign Exchange Risk	Potential losses as a result of high volatility in foreign currency exchange rates against the Sri Lankan Rupee.	⦿ Group Treasury Policy ⦿ Natural Hedging through receivables and payables matching. ⦿ Leading and Lagging in the conversion of foreign currency based on exchange rate movement projections. ⦿ Entering into SWAP & Forward Contracts to mitigate the FOREX risk. ⦿ Incorporating the projected downswing in exchange rates to the pricing of goods and services	Medium	Medium	Medium
Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	⦿ Group Policies and Procedures ⦿ Periodic audit performed by Internal Auditors to ensure compliance and the effectiveness of operational controls. ⦿ Strengthening of Business continuity plans to ensure smooth operations ⦿ Systemising and monitoring of operational KPI's to bring service enhancement through technology ⦿ Improved internal efficiencies by strengthening roles and responsibilities ⦿ Robust documentation process supported through technology	Medium	Medium	Medium

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 18/19	Risk Grading 19/20	Risk Grading 20/21
Country, Geo Political & Economic Downturn Risk	Risk of operating in new markets including political risks.	⦿ Analysing PEST factors and developing appropriate strategies ⦿ Monitoring of country specific legal & regulatory requirements ⦿ Broad basing of airline service providers to reduce the dependency on regional airlines ⦿ Strong market monitoring to address potential challenges proactively ⦿ Enhanced organisational structure to minimise risk exposure ⦿ Diversification and strengthening of origin markets thus reducing the dependency on any single origin ⦿ Deeper monitoring of the overall economic framework of our key markets with extensive and real time local knowledge. ⦿ Market entry strategy with captive business and local know how through engagement with teams and structures which are familiar	Medium	Medium	Medium
Reputational Risk	Reputational risk results from damage to the group's image among stakeholders, which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.	⦿ Channeling of all media communications through Group's Corporate Communication Department ⦿ Customer feedback system implemented to gauge customer satisfaction as a part of continuous development ⦿ Brand monitoring and approval process to mitigate potential brand threats ⦿ Communication of Code of Ethics to all recruits ⦿ Strict adherence to statutory and regulatory compliance ⦿ Rollout of a revised media policy and an update to the EFL brand manual to ensure consistency in communication ⦿ Align PR strategy of the organisation with the business strategy ⦿ Proactive customer service engagement	Medium	Medium	Medium

Emerging Risks

There continues to be a focus on identifying and assessing potential emerging risks. These can be newly identified risks or known risks that have evolved over time. These are monitored for any potential disruptions of our business from both a risk and opportunity perspective to understand the changing landscape and take appropriate actions

- The COVID-19 pandemic is considered an emerging risk. Where appropriate, actions to mitigate risks associated with COVID-19 that are related to existing principal risks have been built into the mitigation strategies for those principal risks.
- Cyber risk is one of the emerging risks that have become relevant for our business. Cyber risk and information security are a key focus of our operational risk controls. The Group performs periodic cyber risk assessment to determine the current maturity of controls. We also continuously monitor the external threat environment to ensure that our cyber investment remains appropriate to mitigate the continued and changing nature of the cyber threats.

RISK MANAGEMENT REPORT

The risks described above are not an exhaustive list of the risks faced by the Group. The Group faces many risks and uncertainties which are mitigated and managed through various risk management strategies, actions and controls. Despite these measures, there may be risks that are beyond the Group's control, or presently unknown or currently assessed as insignificant, which may later prove to be material which could adversely affect the financial position, results, operations, or liquidity if they occur. Nonetheless, we aim to mitigate the exposures through appropriate risk management strategies and internal controls as much as possible.

It is to be acknowledged that risk management and internal control systems are designed to manage rather than eliminate the risk of failure in achieving our strategic and business objectives, and can only provide reasonable assurance.

Summarised Assessment of the Risk Situation

The COVID-19 pandemic continues to evolve on a global scale while presenting new challenges and risks in short to medium terms. In tackling the pandemic in the past financial year, the Group benefited from its early crisis management. The risks resulting from the pandemic were offset by the opportunities brought about by the market and efficiency enhancement measures undertaken by the Group in 2020/21 including optimising of procurement efforts which resulted in exceptional performance in both revenue and profits. The Board and the Management continue to actively monitor the situation and adapt our response as required to meet the goals and objectives of the Group.

The structure of Expolanka with its global presence supported by scale, geographic spread and variety of products and services offer substantial protection against clustering of individual risks into a single risk. Overall, no risk to the Group was identified. That alone or in combination with other risks, could endanger the company's continued existence as a going concern.

Conclusion

Successful management of existing and emerging risks is critical to the long-term success of our business and to the achievement of our strategic objectives. Despite the challenges posed by COVID-19, the Group remains very confident about future growth prospects based on attractive end markets and the efficiency of measures initiated. The Group expects demand within the market to improve further as a result of global economic recovery. Refer Operational Review for business outlook from page 57 to 70.

The Risk Management framework and processes adopted within the Group continue to evolve to effectively respond to uncertainties and meet the challenges and requirements of the global markets in which the business operates in. The Group remains committed towards continuous improvement in terms of risk management in relation to the operating environment to ensure long-term business resilience.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Purpose of the Committee

Related Party Transactions Review Committee was established by the Board to ensure compliance with the rules and regulations governing Related Party Transactions for Listed Entities as per the requirement of Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules").

The purpose of the Committee as set out in its Terms of Reference (TOR), is to conduct an appropriate review of company's related party transactions and to ensure that the company complies with the rules set out in the Code. The primary objective of the rules is to ensure that the interests of the shareholders as a whole are considered when entering into related party transactions.

Composition

The Committee comprised of two (2) Independent Non-Executive Directors as of 31st March 2021 and is chaired by Mr. Sanjay Kulatunga. Brief profiles of the members are given on the pages 18 of this annual report.

Company Secretaries, S.S.P. Corporate Services (Pvt) Ltd act as the Secretary to the Related Party Transactions Review Committee.

Scope of the Committee

Scope of the Committee include the following:

- Formulate and recommend a policy for adoption on related party transactions for the Group which is consistent with the Code whilst ensuring that related party transactions are transacted at arm's length and are not prejudicial to the interests of the entity and its minority shareholders.
- Review proposed related Party Transactions of the company other than those transactions which are explicitly exempted in the Listing Rules. Further seek information the Committee requires from management with regard to any transaction that are entered into with a related party and ensure immediate market disclosures are made as required by the Continuing Listing Requirements of the CSE.
- Ensure that no Director of the company shall participate in any discussion of a proposed related party transaction for which he is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee.
- Include appropriate disclosures on related party transactions in the annual report as required by the Continuing Listing Requirements of the CSE.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining independent advice from independent professional experts.

Meetings

The Related Party Transactions Review Committee convened 4 meetings during the financial year ended 31st March 2021 and the attendance of the members of the Related Party Transactions Review Committee was as follows:

	26th May 2020	12th Aug 2020	9th Nov 2020	26th Jan 2021	Attendance Eligibility	Attended
Mr. Sanjay Kulatunga	●	●	●	●	4	4
Mr. Harsha Amarasekera	●	●	●	●	4	4

● Present ● Excused

The Committee has reviewed the related party transactions during the financial year and has communicated its observations to the Board of Directors as per the CSE Listing Rules 9.3.2 (c)

The Group Chief Executive Officer, Chief Executive Officer – Freight & Logistics, Director – Group Finance, Manager – Treasury and Chief Financial Officer – Freight & Logistics also attended the meeting by invitation. The Company Secretary functions as the Secretary to the Related Party Transactions Review Committee.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Below table depicts the date of the meetings and the key areas of discussion;

Meeting Date	Key Points of Discussion
26th May 2020	⦿ Update on the Related Party Borrowings as at 31st May 2020. ⦿ Discussion on the benchmarks of Transfer Pricing and compliance status of transactions carried out by entities based on different methods. ⦿ Update on the compliance status of transfer pricing requirements pertaining to entities in Sri Lanka. ⦿ Update on the current status of compliance pertaining to foreign subsidiaries in line with BEPS Actions 13.
12th August 2020	⦿ Presenting the conclusions reached on the Transfer Pricing study done for subsidiaries based in Sri Lanka in line with the local regulations for FY 2018/19. ⦿ Tabling the conclusions of the Transfer Pricing study carried out for the overseas subsidiaries based on the regulations set out in the respective jurisdiction. ⦿ Update on the current status of compliance pertaining to foreign subsidiaries in line with BEPS Actions 13.
9th November 2020	⦿ Update on Related Party Borrowings as at 30th September 2020 and review of set benchmarks. ⦿ Tabling the Transfer Pricing Compliance Requirements for Local Subsidiaries for the Financial Year 2019/20. ⦿ Tabling Transfer Pricing Compliance Regulations for recently established entities internationally. ⦿ Update on the current status of compliance pertaining to BEPS Actions 13.
26th January 2021	⦿ Update on Related Party Borrowings as at 31st December 2020. ⦿ Progress update on the envisaged Transfer Pricing Model for the EFL Network. ⦿ Status update on filing disclosures pertaining to Transfer Pricing Compliance Requirements for Local Subsidiaries. ⦿ Update on the current status of compliance pertaining to foreign subsidiaries in line with BEPS Actions 13.

On behalf of the Related Party Transaction Review Committee

Sanjay Kulatunga
Chairman
Related Party Transactions Review Committee

31st May 2021

REMUNERATION COMMITTEE REPORT

Composition

During the financial year 2020/21, the Remuneration Committee of Expolanka Holdings PLC comprised of two Independent Non-Executive Directors who were appointed by the Board of Directors of the Company. The composition of the Committee meets the requirement stipulated under the Listing Rule No. 7.10.5 of the Colombo Stock Exchange.

List of members of the committee is as below;
Mr. Harsha Amarasekara - Independent Non-Executive Director (Chairman)
Mr. Sanjay Kulatunga - Independent Non-Executive Director

A brief profiles of the Directors are given on page 18 of the Annual Report.

Scope of the Committee

The scope and the responsibilities of the Remuneration Committee include;

- To suggest recommendations to the Board of the Company on the remuneration structure of directors and senior management while maintaining a formal and transparent process in determining the remuneration
- to review and approve the management's remuneration packages with reference to the Board's corporate goals and objectives
- to make recommendations to the Board on the remuneration packages of all executive directors and senior management including any compensation payable for loss or termination of their office or appointment
- to ensure that the CEO's performance is evaluated against pre agreed targets and goals that are in the best interest of the Company and the stakeholders
- consider other topics as defined by the Board

Remuneration Policy

Remuneration policy of Expolanka has been designed to attract, motivate and retain the Executive team of the Company by offering market competitive remuneration and benefit packages which will assist in achieving the objectives of the Company. In order to ensure that the said objective is met, salaries and other benefits of the Executive team are reviewed periodically taking into account the performance of the individual and industry standards.

The remuneration packages are linked to the performance of the individuals which are aligned with the short and long term strategy of the company. The Committee will make every endeavour to ensure that the remuneration packages are adequate to attract and to retain the Executive Directors, CEO and the members of the senior management team.

Meetings

The Remuneration Committee of Expolanka, meets as and when a need arises. The Committee formally met once during the financial year under review where both members were present. The attendance of the Remuneration Committee meeting is as below;

	23rd September 2020
Mr. Harsha Amarasekera	●
Mr. Sanjay Kulatunga	●

● Present ● Excused

The Remuneration Committee reviewed the existing remuneration and benefits scheme of the Executive team to ensure that it is in line with the company's overall aims and objectives. Further, it was also made certain that the policy is competitive, formal and transparent.

The Committee also discussed the Compensation Guidelines which are in place to confirm whether they are fair & equitable remuneration packages while maintaining ethical and corporate governance standards of the Group. Furthermore, the existing remuneration and benefit packages of the Senior Management team were evaluated to ensure that it is competitive and transparent. Necessary changes have been suggested and implemented as and where necessary.

During the financial year under review, Rs. 30,253,357 was paid as remuneration for Executive Directors and Rs. 16,800,000 was paid as remuneration for Non-Executive Directors of Expolanka Holdings PLC.

No Director was involved in deciding his/her own remuneration package.

Mr. Harsha Amarasekera
Chairman – Remuneration Committee

31st May 2021

WE CONTINUE TO GROW ABUNDANTLY AND VERDANTLY, BRINGING TO FRUITION OUR GOALS AND ASPIRATIONS IN A DYNAMIC ENVIRONMENT.

FINANCIAL REPORTS

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors have pleasure in presenting the Annual Report on the State of Affairs, together with the Audited Financial Statements for both the company and the group pertaining to the financial year ended 31st March 2021 of Expolanka Holdings PLC, a Diversified Holding Company listed on the Colombo Stock Exchange and the Auditors' Report on Financial Statements. Expolanka Holdings PLC which was incorporated in Sri Lanka on the 05th March 2003 as a Private Limited Liability Company under the Companies Act No. 17 of 1982 and Re-registered on 11th November 2008 a Public Limited Liability Company under the Company's Act No 07 of 2007 and the Company's Re-registration Number is PB 744.

The contents of this Report are in accordance with the statutory requirements, the requirements of relevant regulatory authorities and best accounting practices which have been brought to the notice of the shareholders and other stakeholders. These Audited Financial Statements were approved by the Board of Directors on the 29th April 2021.

Covenant and Core Values

Covenant of Expolanka: 'Building a great business with a dare to do spirit'

Core values of Expolanka;

- Follow ethical business principles in transacting and managing business
- Caring for stakeholder's interests
- Commitment to excellence
- Innovation and entrepreneurship

The business activities of the Company and the Group are conducted maintaining the highest levels of ethical standards in achieving its corporate objectives. All new staff absorbed to the permanent cadre of the Company are briefed on the requirements of the code of conduct and ethics.

Principal Activities

Expolanka Holdings PLC, the Group's holding Company manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Expolanka Group, and provides numerous function based services to its Group Companies. The Companies within the Group and its holding percentages are described on page 126 of this Annual Report. The principal activities of the Group are categorised into three sectors namely, Logistics, Leisure and Investment.

Business Review and Prospects

A review of both financial and operational performances during the year under review along with financial highlights and also future business developments and strategies of the Group Sectors and Individual Business Units are described in the Management Discussion and Analysis section, Chairman's Message and CEO's Review of the Annual Report. These reports together with the Audited Financial Statements reflect the state of the affairs of the Company and the Group.

The Directors, to the best of their knowledge and belief confirm that the Company and the Group have not engaged in any activities that contravene the laws and regulations of the country and any regulatory institutions.

Financial Statements

The Audited Financial Statements of the Company and the Group are given on pages 120 to 186 .

Auditor's Report

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 116.

Accounting Policies

Details of accounting policies have been discussed in Note 02 of the financial statements. There have been no changes in the accounting policies adopted by the group during the year under review.

Revenue

Revenue generated by the Company amounted to Rs. 91,915,000 (2020 – Rs. 125,040.000) whilst Group revenue amounted to Rs. 218,735,345,230 (2020 – Rs. 103,245,670,749). Contribution to the group revenue from the different business segments is provided in page 6.

Results and Appropriations

The profit after tax of the holding Company was Rs. 1,439,108,568 (2020 - Rs. (172,062,139) whilst the Group profit attributable to equity holders of the parent for the year was Rs. 14,830,187,824 (2020 - Rs. (736,557,808)). Results of the Company and of the Group are given in the income statement in the audited financial statement.

The Company declared an interim dividend of Rs. 977,457,500 at Rs. 0.50 per share for the financial year 2020/21. Dividend per share has been computed based on the amount of dividends recognised as distribution to the equity holders during the period. As required by Section 56 (2) of the Companies Act No 7 of 2007, the Board of Directors has confirmed that the company satisfies the solvency test in accordance with Section 57 of the Companies Act No 7 of 2007, and has obtained a certificate from the auditors, prior to declaring the dividend.

Donation

The Company did not make any donations during the year under review and the Group made a total donation of Rs. 28,988,209 (2020 - Rs. 31,013,546) during the financial year 2020/21. The amounts do not include contributions on account of Corporate Social Responsibility (CSR) initiatives. The CSR initiatives, including completed and on-going projects, are detailed in the sustainability report of the annual report.

Property, Plant and Equipment

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 25,959,281 (2020 - Rs. 35,060,497) and Rs. 3,413,329,344 (2020 - Rs. 3,405,360,820) for the Company and the Group respectively. Capital expenditure for the Company and the Group amounted to Rs. 2,005,226 (2020 - Rs. 22,011,587) and Rs. 426,553,735 (2020-Rs. 597,231,464) respectively. Details of Property, Plant and Equipment and their movements are given in Note 03 to the financial statements.

Investments

Investments of the Company in subsidiaries, associates, joint ventures and other external equity investments amounted to Rs. 4,646,972,116 (2020 - Rs. 4,596,686,593) respectively. Detailed description of the short and long term investments held as at the balance sheet date, are given in pages 150 to 153 to the financial statements.

Stated Capital Movements

There was no movement in the stated capital during the year under review and is given below;

Stated Capital	Rs.
As at 01 April 2020	4,097,985,000
Movements during the year	-
As at 31 March 2021	4,097,985,000

Directorate

The names of the Directors who held office at the end of the financial year are given below.

- Hitoshi Kanahori - Chairman
- Hanif Yusoof - CEO / Executive Director
- Ha Yo - Non-Executive Director
- Akira Oyama - Non-Executive Director
- Sanjay Kulatunga - Non-Executive Independent Director
- Harsha Amarasekera - Non-Executive Independent Director

During the year under review, Mr. Naosuke Kawasaki, Mr. Motonori Matzusono and Mr. Yoshifumi Matsubara resigned from the Board of Expolanka Holdings PLC with effect from 30th June 2020 and Mr. Hitoshi Kanahori (Chairman), Mr. Ha Yo and Mr. Akira Oyama joined the Board with effect from the 1st of July 2020.

The Directors' brief profiles are given in the Board of Directors section of the Annual Report. The section also includes names of persons holding office as Directors of the company and all its subsidiary and associate companies as at 31 March 2021.

Directors Remuneration

Directors' remuneration, in respect of the Company for the financial year 2020/21 is Rs.47,053,357 (Rs. 30,253,357 was paid as remuneration for Executive Directors and Rs. 16,800,000.00 was paid to Non-Executive Directors of the Company). Total paid by the Group in respect of Directors' Remuneration during the financial year 2020/21 is Rs. 1,981,682,732.

Audit Committee

The following Directors serve the Audit committee;

Mr. Sanjay Kulatunga - Chairman
Mr. Harsha Amarasekara - Member

The report of the Audit Committee is given under the section of Corporate Governance of the Annual Report.

Remuneration Committee

The following Directors serve the Remuneration Committee;

Harsha Amarasekera - Chairman
Sanjay Kulatunga - Member

The report of the Remuneration Committee is given under the section of Corporate Governance of the Annual Report

Related Party Transaction Review Committee

The following Directors serve the Related Party Transaction Review Committee;

Mr. Sanjay Kulatunga - Chairman
Mr. Harsha Amarasekara - Member

The report of the Related Party Transaction Review Committee is given under the section of Corporate Governance of the Annual Report. Further, the Board confirms that the transactions incurred between Related Parties which are listed in Note 29 are in compliance with Colombo Stock Exchange Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Share Information

The distribution and composition of shareholders and the information relating to share trading is given in the Share Information section of the Annual Report. Given below, are details of shareholding, pertaining to the Directors of Expolanka Holdings PLC, as at 31 March 2021.

Name of Director	No of Shares
Hitoshi Kanahori	Nil
Hanif Yusoof	147,021,464
Ha Yo	Nil
Akira Oyama	Nil
Sanjay Kulatunga	Nil
Harsha Amarasekera	Nil

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Equitable Treatment of Shareholders
It is the Group's policy to endeavour to ensure equitable treatment to its shareholders at all times

Major Shareholding

No	Shareholder	31.03.2021		31.03.2020	
		Shares	Holding %	Shares	Holding %
1	SG HOLDINGS GLOBAL PTE.LTD	1,478,251,204	75.62%	1,333,141,210	68.2%
2	MR. H. YUSOOF	147,021,464	7.52%	147,021,464	7.5%
3	MR. F. KASSIM	23,402,484	1.20%	23,560,811	1.2%
4	NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	7,466,573	0.38%	-	-
5	MR. S. SENTHILNATHAN	6,498,905	0.33%	-	-
6	SAMPATH BANK PLC/ DR.T.SENTHILVERL	6,325,435	0.32%	1,597,081	0.1%
7	MR. GOVINDASAMI RAMANAN	5,412,013	0.28%	3,000	-
8	HATTON NATIONAL BANK PLC/ALMAS ORGANISATION(PVT) LTD	5,010,023	0.26%	-	-
9	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	4,650,000	0.24%	9,499,000	0.5%
10	PEOPLE'S LEASING & FINANCE PLC/HI LINE TRADING (PVT) LTD	3,747,176	0.19%	100,000	-
11	MR. SIVASINNIAHNATHAN SELVARATNAM	3,650,000	0.19%	-	-
12	COMMERCIAL BANK OF CEYLON PLC/G.S.N.PEIRIS	3,617,244	0.19%	-	-
13	MR. PALANIYANDY MURALITHARAN	3,200,000	0.16%	-	-
14	MR. DIMITRI SHERIFF	3,053,771	0.16%	-	-
15	COMMERCIAL BANK OF CEYLON PLC/CAPITAL TRUST HOLDINGS LIMITED	3,009,324	0.15%	-	-
16	HATTON NATIONAL BANK PLC/ANUJA CHAMILA JAYASINGHE	2,824,801	0.14%	128,126	-
17	MR. DINIKE JAYAMAHA DON ALEXANDER	2,432,732	0.12%	-	-
18	HOTEL INTERNATIONAL (PRIVATE) LIMITED	2,277,842	0.12%	-	-
19	HATTON NATIONAL BANK PLC/SASHIMAAL RUHASH FERNANDO	2,246,269	0.11%	-	-
20	ACUITY PARTNERS (PVT) LIMITED/MR.ELAYATHAMBY THAVAGNANASOORIYAM/MR.ELAYATHAMBY THAVAGNANASUNDARAM	2,055,996	0.11%	-	-

Corporate Governance
The Board of Expolanka Holdings PLC is committed towards ensuring that the company has necessary processes in place to enable good governance practices. Accordingly, the Board confirm that the Company has complied with the Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange and further details are available under the Governance section of this Annual Report which is available from page 71 to 92.

Auditors
Messrs Ernst & Young, Chartered Accountants, are deemed reappointed, in terms of Section 158 of the Companies Act No. 7 of 2007, as Auditors of the Company. A resolution proposing the Directors be authorised to determine their remuneration will be submitted at the Annual General Meeting. Details of audit fees are set out in Note 23 of the financial statements. In addition to the above, Group companies, both, local and overseas, engage with other audit firms. The Auditors of the Company and its Subsidiaries have confirmed that they do not have any relationships (other than that of Auditor) with, or interests in, the Company or any of its Subsidiaries.

The Auditors Report is found in the Financial Information section of the Annual Report. The Audit Committee reviews the appointment of the Auditor, its effectiveness, its independence and its relationship with the group, including the level of audit and non-audit fees paid to the Auditor. The details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report.

Employment

The Company and its Subsidiaries have equal opportunity policy and such employee related codes are protected in the respective selection, training, development and promotion policies, ensuring that all related decisions are purely based on merit. In this regard the Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. The number of persons employed by the Company and its Subsidiaries at year-end was 2,821 (2020– 2,925). The details of the Group's employment, human resources initiatives and employees are included under the group Human Resources section of the Annual Report. There have been no material issues pertaining to the employees and employee relations of the Company and its Subsidiaries.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the company and its subsidiaries, and all other known statutory dues as were due and payable by the company and its subsidiaries as at the balance sheet date have been paid or, where relevant provided for, except as specified in the financial statements covering contingent liabilities.

Risk Management and Internal Control

The Board confirms that there is an established process in place for identifying, evaluating and managing any significant risks faced by the group. Risk assessment and evaluation for each business unit takes place as an integral part of the annual strategic planning cycle and the major risks and mitigating actions in place are reviewed on a periodic basis by the Board and the Audit Committee. The Board, through the involvement of the Internal Audit and Risk Committee takes steps to gain assurance on the effectiveness of internal controls in place. The Audit Committee receives reports on the results of independent Internal Audits and recommendations are made to constantly enhance the internal control system. The Risk Management report is given under the Governance Section of the Annual Report.

Events Occurring after the Balance Sheet Date

No circumstances have arisen since the Balance Sheet date that would require adjustment, other than those disclosed in Note 31 to the Financial Statements.

Going Concern

The Directors are satisfied that the company, its subsidiaries and associates, have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis. The Directors after making necessary inquiries and reviews including reviews of the group's budget for the ensuing year, capital expenditure requirements, future prospects and risks and cash flows, and such other matters are satisfied that the Company and the Group have adequate resources to continue operations into the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

Environmental Protection

The group complies with the relevant environmental laws, regulations and endeavours to comply with best practices applicable in the country of operation. A summary of selected group activities in the above area is contained in the Sustainability Report.

Sustainability

The Group pursues its business goals under corporate business governance and the group has taken numerous steps, particularly in ensuring the conservation of its natural resources and environment. These steps have been encapsulated in a group-wide sustainability programmes that were launched and are being launched on a continuous manner and immense progress have been made in various projects. The Sustainability Report form part of this annual report and could refer on page 27.

Annual Report

The Board of Directors has approved the Company and the Consolidated Financial Statements on 29th of April 2021. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

Annual General Meeting

The Annual General Meeting of the company will be held as a virtual meeting, emanating from the Board Room of Expolanka Holdings PLC, No 15A, Clifford Avenue, Colombo 03, on Monday, 26th July 2021 at 2.30 p.m.

By Order of the Board

Hitoshi Kanahori
Chairman

Hanif Yusoof
Director

SSP Corporate Services (Pvt) Ltd
Secretaries

31st May 2021

THE STATEMENT OF DIRECTORS' RESPONSIBILITY

The Responsibility of the Directors in relation to the financial statements is set out in the following statement. The responsibility of the auditors, in relation to the financial statements prepared in accordance with the provisions of the Companies Act No 7 of 2007, is set out in the Report of the Auditors.

The Directors are responsible under the Companies Act No 7 of 2007, to ensure compliance with the requirements set out therein to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year. The Directors are also responsible under Section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the financial statements. The Directors have taken adequate steps to ensure that the Company and its subsidiaries maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company and its subsidiaries.

The financial statements comprise of;

1. Balance sheet which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.

2. Income statement of the Company and its subsidiaries, which presents a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year.

   The Directors are required to confirm that the financial statements have been prepared;

3. Using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and

4. Presented in accordance with the Sri Lanka Accounting Standards; and that

5. Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and

6. Provides the information required by and otherwise comply with the Companies Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange

The Directors are also required to ensure, based on their knowledge of the Company and the key operations, that the Company and its subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The External Auditors, Messrs Ernst & Young, reappointed in terms of Section 158 of the Companies Act were provided with every opportunity to take whatever steps and undertake whatever inspections that they considered being appropriate to enable them to give their audit opinion on the financial statements. The Report of the Auditors, shown on page 116 sets out their responsibilities in relation to the financial statements.

Further the Directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payment, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the balance sheet date have been paid or where relevant provided for, except as specified in Note 32 to the financial statements covering contingent liabilities.

Hitoshi Kanahori
Chairman

Hanif Yusoof
Director

31st May 2021

AUDIT COMMITTEE REPORT

Role of the Committee

The Audit Committee is a formally constituted sub-committee of the Board of Directors which operates under a written charter adopted by the Board of Directors. The Committee is empowered by the Board to assists the Board of Directors in fulfilling its oversight responsibilities relating to:

- Ensure adequacy and effectiveness of the Company's internal controls over financial reporting systems to provide accurate, appropriate and timely information to the stakeholders.
- Review the appropriateness of accounting policies and their adherence to statutory and regulatory compliance requirements and applicable accounting standards.
- Review the quality and integrity of interim and annual financial statements prepared for publication prior to submission to the Board of Directors.
- Ensure the adequacy and effectiveness of risk management measures, internal control and governance processes in place to identify, avoid and mitigate risks.
- The selection and performance of the Company's independent Internal and External auditors; and independent auditors' qualifications and independence.

Rules on Corporate Governance under listing rules of the Colombo Stock Exchange and Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka further regulate the composition, role and functions of the Audit Committee.

Composition

The composition of the Committee, which remained unchanged during the financial year is constituted of two Independent Non-Executive Directors. The Committee is chaired by Mr. Sanjay Kulatunga who is an Associate Member of the Chartered Institute of Management Accountants (ACMA) as well as a Chartered Financial Analyst (CFA).

The composition of the Committee fulfilled the requirements of the Listing Rule No 7.10.6 of the Colombo Stock Exchange. Brief profiles of the members are given on the pages 18 and 19 of this annual report.

Company Secretaries, S.S.P. Corporate Services (Pvt) Ltd act as the Secretary to the Audit Committee.

Meetings

The Audit Committee functioned throughout and convened five meetings during the financial year ended 31st March 2021. The attendance of the members of the Audit Committee was as follows:

	7th May 2020	26th May 2020	12th Aug 2020	9th Nov 2020	26th Jan 2021	Attendance Eligibility	Attended
Mr. Sanjay Kulatunga	●	●	●	●	●	5	5
Mr. Harsha Amarasekera	●	●	●	●	●	5	5

● Present ● Excused

The agenda and the papers for the meetings are circulated among the members with sufficient notice. The Group CEO, Group Finance Director, CFO and members of Risk & Control division attended the Audit Committee meetings by invitation. The CEO of Freight & Logistics Sector and Senior Management also attended as and when required. The External Auditors and the Internal Auditors were also invited to attend meetings when necessary.

The Board is apprised of the significant issues deliberated through verbal briefings and audit committee meeting minutes and considers and adopts, the recommendations of the Audit Committee as applicable.

AUDIT COMMITTEE REPORT

Below table depicts the date of the meetings and the key areas of discussion;

Meeting Date	Key Points of Discussion
7th May 2020	⦿ Discussion on the budget and cash flow projection for Q1 ⦿ Review of working capital requirement and funding strategies to support the new business opportunities ⦿ Cost savings measures and cost rationalisation initiatives to address short to medium term pressure ⦿ Review of debtor profile and customer rationalisation process ⦿ Review of current information security practices and adequacy of controls
26th May 2020	⦿ Review of action points arising from the previous meeting and status of closure ⦿ Review of Quarterly Financials for the period ending 31st March 2020 ⦿ Review of Consolidated Financial Statements for the year ending 31st March 2020 and recommendation to the Board for approval ⦿ Meeting with external auditors, Ernst & Young Partner and the team to review Key Audit Matters, Key Audit Considerations and Audit Deliverable status of component auditors ⦿ Status and progress update on the income tax assessments of the group ⦿ Discussion on digitalisation of reporting of Statutory, J-Sox and BOI compliance requirements arising from the Risk Committee minutes
26th August 2020	⦿ Review of action points arising from the previous meeting and status of closure ⦿ Review of Financial Statements for the quarter ending 30th June 2020 and recommendation to the Board for approval ⦿ Review of credit exposure arising from key customers and risk mitigation strategies undertaken by management ⦿ Status and progress update on the income tax assessments of the group.
9th November 2020	⦿ Review of action points arising from the previous meeting and status of closure ⦿ Review of Financial Statements for the quarter ending 30th September 2020 and recommendation to the Board for approval ⦿ Discussion on customer portfolio, credit exposure, credit rating, outstanding settlement trend and adequacy of provisions pertaining to key customers ⦿ Discussion on the existing capital structure and funding strategy to support the business growth ⦿ Discussion on current internal audit scope, policy, process and the key points of the Risk Committee minutes ⦿ Progress update on the income tax assessments of the group, tax appeal status and contingencies in place
26th January 2021	⦿ Review of action points arising from the previous meeting and status of closure ⦿ Review of Financial Statements for the quarter ending 31st December 2020 and recommendation to the Board for approval. ⦿ Discussion and review of External Audit Plan, Audit Approach, Timelines, Key Audit Matters and Areas of Focus with EY Engagement Partner and Director ⦿ Status and progress update on the income tax assessments of the Group

Financial Reporting

The Committee oversees the Company's financial reporting on behalf of the Board of Directors as part of its responsibility and review the Quarterly and Annual Financial Statements with the management and the external auditors and recommends them to the Board for its deliberations prior to their issuance. Accordingly the committee reviewed the following;

- Adequacy and effectiveness of the internal controls, systems, and procedures to provide reasonable assurance on the reported financials.
- Appropriateness of the accounting policies adopted, key judgments and estimates used in preparation of financial statements
- Compliance with Sri Lanka Accounting Standards (SLFRSs & LKASs) and other regulatory provisions relating to financial reporting and disclosures and the progress on the implementation of New Accounting Standards
- Quarterly financial reports and Annual financial reports prior to the recommendation of the same to the Board for approval.

The Audit Committee reviewed the risk and going concern assessment after considering the potential financial implications of COVID-19 in the revised budget, cash flow forecast and funding arrangements. The Committee is satisfied that the Company and its subsidiaries are able to continue as a going concern. Further, the Committee is also satisfied that the Company has made adequate disclosures in the financial statements in relation to the same.

Internal Audit, Internal Controls and Risk Management

The Audit Committee, a sub-committee of the Main Board exercises oversight over the Internal Audit function. The risk based internal audit plans are approved by the Audit Committee which reviews the internal audit findings, recommendations and action plans with the management and the internal auditors.

The Committee reviewed the ongoing effectiveness of the company's processes as a part of its wider review of the effectiveness of internal controls. Review of risks and internal controls encompassed periodic discussions with senior management and meetings with External and Internal Auditors. The Committee is also updated on the business risk, legal & compliance risk, operational risk etc. of the Group through the Risk Committee minutes which is tabled at the Audit Committee meeting quarterly and provided advice as necessary. The key risks associated with the business are given in the Risk Management Report from page 93 to 100.

Internal control self-assessment for the companies within Expolanka Group and compliance audit on the same was carried out twice during the year to ensure internal controls specified by Japan's Financial Instruments and Exchange Law are being established group-wide as part of continuous listing requirement of the ultimate parent company. The Committee noted that all the internal controls assessed under the scope for the period 2020/21 was reported as effective in the assessment report issued by the auditors of the ultimate parent company.

External Audit

The Audit Committee met the company's Principal auditors Messrs. Ernst & Young along with the management prior to the commencement of the external audit and discussed the external auditor's audit plan, audit approach and scope of the audit.

The Committee reviewed the quality of the financial reporting, the reasonableness of significant accounting judgments and estimates and the clarity of disclosures in the financial statements, and the assessment of the Company's internal controls over financial reporting with the auditors and the management. The interim financial statements of the Company have been reviewed by the Audit Committee Members at Audit Committee Meetings, prior to release of same to the Regulatory Authorities and to the shareholders.

The Committee reviewed the results of the external audit and the recommendations arising from the audits of the Annual Financial Statements with the management.

The Committee reviewed the nature of services provided by the auditors, and has determined that the auditors were independent on the basis that they did not carry out any management related functions of the company. The Committee has recommended to the Board, having considered their independence and performance Messrs.' Ernst & Young (EY), re-appointed as the Lead/ Consolidation auditors of the group for the financial year ending 31 March 2022 subject to the approval by the shareholders at the forthcoming Annual General Meeting.

Conclusion

The Audit Committee is of the view that the internal control environment within the company is satisfactory and provides reasonable assurance that the financial position of the company is adequately monitored based on the reports submitted by the external auditors and the internal auditors of the company, assurance provided by the senior management, and the discussions with the management and the auditors.

On behalf of the Audit Committee

Sanjay Kulatunga
Chairman
Audit Committee

31st May 2021

INDEPENDENT AUDITORS' REPORT

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Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EXPOLANKA HOLDINGS PLC

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Expolanka Holdings 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 31 March 2021, and the income statement and the statement of 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.

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 31 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Recognition of Revenue of the Group During the financial year 2021, the Group recognised revenue of Rs. 218,735 Mn from multiple geographical segments which represents 112% increase when compared to previous financial year. We selected revenue recognition as a key audit matter due to; ⦿ The significance of revenue balance, and ⦿ Significant management's assessments and judgements involved in the assessment of relevant performance obligations, industry practices together with consideration of agent vs principal relationships. The accounting policies regarding revenue recognition and other disclosers are stated in the notes 2.2.15 and 19 to the consolidated financial statements.	Among other audit procedures focused on the recognition of revenue, we performed following specific procedures; ⦿ assessing the Group's processes and key controls relating to the revenue recognition including the process of analysing relevant contracts with customers, management's assessment of such contracts focusing on agent vs principal relationships, relevant performance obligation. ⦿ Testing the critical controls with regards to revenue recognition on sample basis. ⦿ Testing the revenue transactions, on a sample basis, to underlying evidences. ⦿ Involving significant component auditors and evaluated the procedures performed and evaluated the revenue recorded in respective locations in accordance with accounting policies. ⦿ In addition, we assessed the adequacy of the related financial statement disclosures in note 2.2.15 and note 19.
Recoverability of Trade Receivables Trade Receivable balance as of 31st March 2021 amounted to Rs. 49,089 Mn net of a provision for impairment of Rs. 1,305 Mn representing 83% of the total assets of the Group. This was a key audit matter due to: ⦿ Materiality of the trade receivable balance ⦿ The degree of assumptions and judgements associated with evaluating the probability of recoverability, amplified by the impact of COVID-19 pandemic	Among other audit procedures focused on the recoverability of Trade Receivables, we performed following specific procedures; ⦿ Obtained an understanding of and evaluated the process used by the management to asses impairment of trade receivables. ⦿ checked the accuracy of the age analysis of trade receivables by referring to the source documents on a sample basis. ⦿ assessed the reasonableness of the provision for impairment, reasonableness of the assumptions and judgements used by the management including the probable impact of COVID-19. ⦿ assessed the related disclosures provided in note 11 and 33.4 to these financial statements in relation to the trade receivable of Group.
Estimation of the provisional goodwill and annual impairment assessment of goodwill The goodwill on the statement of financial position as at 31 March 2021 of the Group amounts to Rupees 868 Mn. The goodwill includes Rs. 430 Mn of provisional goodwill on the current year acquisition of Seville group of companies (USA) as disclosed in Note 35. Goodwill is tested annually for impairment based on the recoverable amount determined using Value in Use computations (VIU). Such VIU calculations are based on the discounted cash-flow models of each Cash Generating Unit (CGU) to which Goodwill has been allocated. The VIU calculations are significant to our audit as it involves significant judgments and estimates of Management such as forecasts of sales and profit margins including assessment of possible effects of Covid-19 and appropriate discount rates for each CGU as more fully described in note 5.1.5 to the financial statements. We considered the estimation of the provisional goodwill and annual impairment assessment of goodwill as a key audit matter due to; ⦿ magnitude of the balance, and ⦿ the significance of judgments and estimates involved.	In relation to estimation of provisional goodwill, we performed following specific procedures; ⦿ checked the sales and purchase agreement and related documents to obtain an understanding of the terms and conditions of the transaction. ⦿ assessed management process of estimation and accounting of provisional Goodwill. ⦿ assessed the adequacy of the related disclosures in Note 35 to the financial statements. In relation to annual impairment assessment of Goodwill, we performed following specific procedures; ⦿ Involved our internal specialised resources to assist us in evaluating the assumptions and methodology used by the Group, in particular those relating to the forecast revenue growth and profit margins. ⦿ assessed the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill. ⦿ assessed the adequacy of the disclosures made by Management in note 5.1.5 to the financial statements relating to approach/methodology and assumptions applied in relation to the impairment test carried out.

INDEPENDENT AUDITORS' REPORT

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Other information included in the Group's 2020/21 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Responsibilities of management and those charged with governance

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 internal controls of the Company and the Group.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1884.

31 May 2021
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	3.	3,413,329,344	3,405,360,820	25,959,281	35,060,497
Right of use assets	4.	3,717,652,775	3,022,912,860	31,445,651	20,101,659
Intangible assets	5.	1,039,413,373	676,970,823	4,325,605	4,980,680
Investments in subsidiaries	6.	-	-	4,535,482,116	4,552,696,593
Investment in an associate and joint ventures	7.	288,160,986	164,272,697	111,490,000	43,990,000
Other financial assets	8.	12,731,840	2,621,551	-	-
Deferred income tax assets	24.	170,296,117	146,784,043	-	-
Prepayments and other assets	9.	-	308,972,775	-	-
		8,641,584,435	7,727,895,569	4,708,702,653	4,656,829,429
Current assets					
Inventories	10.	148,911,083	152,464,734	-	-
Trade and other receivables	11.	49,223,750,894	18,416,014,782	272,991,196	307,271,678
Prepayments and other assets	9.	1,869,186,630	1,677,888,069	22,652,298	16,570,397
Other financial assets	8.	342,756,064	159,645,640	1,408,002	402,647
Income tax recoverable		347,370,073	457,994,406	-	-
Cash and cash equivalents	12.	7,610,756,231	7,156,046,860	631,106,637	22,470,893
		59,542,730,975	28,020,054,491	928,158,133	346,715,615
Assets held for sale	13.	-	274,883,413	-	-
		59,542,730,975	28,294,937,904	928,158,133	346,715,615
Total assets		68,184,315,410	36,022,833,473	5,636,860,786	5,003,545,044
EQUITY AND LIABILITIES					
Stated capital	14.	4,097,985,000	4,097,985,000	4,097,985,000	4,097,985,000
Reserves	15.	1,614,493,928	940,585,702	-	-
Retained earnings		21,436,678,529	7,600,459,259	516,916,031	52,641,449
Equity attributable to equity holders of parent		27,149,157,457	12,639,029,961	4,614,901,031	4,150,626,449
Non-controlling interest		231,434,840	191,512,037	-	-
Total equity		27,380,592,297	12,830,541,998	4,614,901,031	4,150,626,449
Non-current liabilities					
Financing and lease payables	16.	5,532,778,654	5,468,961,993	899,157,734	752,762,369
Deferred income tax liabilities	24.	20,928,710	728,696	-	-
Retirement benefit obligation	17.	764,523,925	616,995,166	43,605,913	26,994,225
		6,318,231,289	6,086,685,855	942,763,647	779,756,594
Current liabilities					
Financing and lease payables	16.	12,854,627,585	6,726,988,712	24,732,281	12,278,314
Trade and other payables	18.	20,791,127,327	10,196,515,878	54,463,827	60,883,687
Income tax liabilities		839,736,912	182,101,030	-	-
		34,485,491,824	17,105,605,620	79,196,108	73,162,001
Total equity and liabilities		68,184,315,410	36,022,833,473	5,636,860,786	5,003,545,044
Net assets per share		13.89	6.47	2.36	2.12

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Mushtaq Ahamed
Director - Group Finance

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by,

Hanif Yusoof
Director

Sanjay Kulatunga
Director

The accounting policies and notes on pages 125 through 186 form an integral part of the financial statements.

31st May 2021
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Revenue from contracts with customers	19.	218,735,345,230	103,245,670,749	91,915,000	125,040,000
Cost of sales		(180,304,428,192)	(84,062,988,003)	-	-
Gross profit		38,430,917,038	19,182,682,746	91,915,000	125,040,000
Other operating income and gains	20.	329,973,580	421,151,023	1,608,839,640	15,634,571
Selling and distribution expenses		(1,432,647,597)	(1,216,362,263)	(9,740,277)	(11,493,965)
Administrative expenses		(20,497,654,151)	(17,766,233,804)	(232,446,365)	(278,592,200)
Operating profit/(loss)		16,830,588,870	621,237,702	1,458,567,998	(149,411,594)
Finance costs	21.	(367,260,544)	(455,321,572)	(19,476,892)	(14,826,093)
Finance income	22.	59,325,762	83,042,876	17,462	30,158
Share of result of equity accounted investees (net of tax)	7.	62,292,852	31,143,002	-	-
Profit/(loss) before tax	23.	16,584,946,940	280,102,008	1,439,108,568	(164,207,529)
Income tax expense	24.	(1,704,928,193)	(718,038,357)	-	(7,854,610)
Profit/(loss) for the year		14,880,018,747	(437,936,349)	1,439,108,568	(172,062,139)
Attributable to:					
Equity holders of the parent		14,830,187,824	(736,557,808)		
Non-controlling interest		49,830,923	298,621,459		
		14,880,018,747	(437,936,349)		
Earnings/(loss) per share	25.				
Basic		7.61	(0.22)	0.74	(0.09)
Diluted		7.61	(0.22)	0.74	(0.09)
Dividend per share	26.			0.50	-

The accounting policies and notes on pages 125 through 186 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Profit/(loss) for the year		14,880,018,747	(437,936,349)	1,439,108,568	(172,062,139)
Other comprehensive income					
Other comprehensive income to be reclassified to statement of profit or loss in subsequent periods					
Net exchange differences on translation of foreign operations		687,875,260	86,906,630	-	-
Net other comprehensive income to be reclassified to statement of profit or loss in subsequent periods		687,875,260	86,906,630	-	-
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods					
Net gain/(loss) on financial instruments at fair value through OCI	15.1.	-	(2,372,887)	-	(2,372,887)
Sale of financial instruments at fair value through OCI		-	1,072,649	-	1,072,649
Actuarial gain/(loss) on defined benefit plans	17.	(16,511,054)	(27,323,170)	2,623,514	(270,260)
Income tax effect	24.2.1.	-	6,767,889	-	-
Net other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods		(16,511,054)	(21,855,519)	2,623,514	(1,570,498)
Other comprehensive income for the year, net of tax		671,364,206	65,051,111	2,623,514	(1,570,498)
Total comprehensive income for the year, net of tax		15,551,382,953	(372,885,238)	1,441,732,082	(173,632,637)
Attributable to:					
Equity holders of the parent		15,487,584,996	(671,506,697)		
Non-controlling interest		63,797,957	298,621,459		
		15,551,382,953	(372,885,238)		

The accounting policies and notes on pages 125 through 186 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Group		Attributable to Equity holders of parent						
	Note	Stated capital	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
As at 1 April 2019		4,097,985,000	(11,864,435)	995,557,428	9,193,919,473	14,275,597,466	1,511,718,909	15,787,316,375
Profit/(loss) for the year		-	-	-	(736,557,808)	(736,557,808)	298,621,459	(437,936,349)
Other comprehensive income		-	(1,300,238)	86,906,630	(20,555,281)	65,051,111	-	65,051,111
Total comprehensive income		-	(1,300,238)	86,906,630	(757,113,089)	(671,506,697)	298,621,459	(372,885,238)
Dividends paid		-	-	-	-	-	(182,576,573)	(182,576,573)
Transfer of fair value reserve of equity investments designated of FVOCI		-	13,164,673	-	(13,164,673)	-	-	-
Disposal of subsidiaries		-	-	-	-	-	(14,363,697)	(14,363,697)
Amount transferred due to changes in holdings		-	-	(141,878,356)	(823,182,452)	(965,060,808)	(1,421,888,061)	(2,386,948,869)
As at 31st March 2020		4,097,985,000	-	940,585,702	7,600,459,259	12,639,029,961	191,512,037	12,830,541,998
Profit for the period					14,830,187,824	14,830,187,824	49,830,923	14,880,018,747
Other comprehensive income				673,908,226	(16,511,054)	657,397,172	13,967,034	671,364,206
Total comprehensive income		-	-	673,908,226	14,813,676,770	15,487,584,996	63,797,957	15,551,382,953
Dividends paid	26.	-	-	-	(977,457,500)	(977,457,500)	(10,287,038)	(987,744,538)
Disposal of subsidiaries		-	-	-	-	-	(13,588,116)	(13,588,116)
As at 31st March 2021		4,097,985,000	-	1,614,493,928	21,436,678,529	27,149,157,457	231,434,840	27,380,592,297

Company	Note	Stated capital	Fair value reserve of financial assets at FVOCI	Retained earnings	Total
As at 1 April 2019		4,097,985,000	(11,864,435)	238,138,521	4,324,259,086
Loss for the year		-	-	(172,062,139)	(172,062,139)
Other comprehensive income		-	(1,300,238)	(270,260)	(1,570,498)
Total comprehensive income		-	(1,300,238)	(172,332,399)	(173,632,637)
Transfer of fair value reserve of equity investments designated of FVOCI		-	13,164,673	(13,164,673)	-
As at 31st March 2020		4,097,985,000	-	52,641,449	4,150,626,449
Profit for the period		-	-	1,439,108,568	1,439,108,568
Other comprehensive income		-	-	2,623,514	2,623,514
Total comprehensive income		-	-	1,441,732,082	1,441,732,082
Dividends paid	26.	-	-	(977,457,500)	(977,457,500)
As at 31st March 2021		4,097,985,000	-	516,916,031	4,614,901,031

The accounting policies and notes on pages 125 through 186 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Cash flows from/(used in) operating activities					
Profit/(loss) before tax		16,584,946,940	280,102,008	1,439,108,568	(164,207,529)
Adjustments for,					
Depreciation of property, plant and equipment and right of use assets	23.1.	2,069,641,937	1,676,851,605	34,569,122	33,042,930
Amortisation of intangible assets	5.1.2.	87,444,775	67,261,707	1,850,308	785,000
Amortisation of non-current prepayments and other assets		1,323,317,823	105,329,552	-	-
Investment income	22.	(54,268,600)	(80,654,018)	(17,462)	(30,159)
Profit on sale of property, plant and equipment	20.	(7,192,488)	(1,525,183)	(15,000)	-
(Profit)/loss on disposal of subsidiaries	20.	(92,854,764)	8,195,545	(58,892,762)	-
Remeasurement of investment in joint venture	20.	-	-	(58,892,762)	-
Dividend income	20./22.	(5,057,162)	(2,388,858)	(1,491,039,116)	(6,823,482)
Finance cost	21.	367,260,544	455,321,572	19,458,808	11,708,679
Share of results of equity accounted investees	7.4.	(62,292,852)	(31,143,002)	-	-
Provision for assets held for sale	23.	274,883,413	-	-	-
Allowances for expected credit losses	11.1.	975,496,457	347,385,539	-	-
Provision for defined benefit plans	17.1.	215,847,156	169,444,186	6,327,101	4,834,233
Provision for impairment of equity investments		-	-	-	17,631,222
Operating profit/(loss) before working capital changes		21,677,173,179	2,994,180,653	(107,543,195)	(103,059,106)
(Increase)/decrease in inventories		3,553,651	(29,585,452)	-	-
(Increase)/decrease in trade and other receivables		(30,211,563,692)	2,647,585,535	47,654,925	(131,797,049)
(Increase)/decrease in prepayments		(241,725,526)	117,863,131	(6,548,243)	5,125,747
Increase/(decrease) in trade and other payables		9,753,595,672	(1,357,002,118)	(6,419,859)	906,229
Net change in working capital due to group structure change		18,713,779	(965,060,808)	-	-
Cash generated from operations		999,747,063	3,407,980,941	(72,856,372)	(228,824,179)
Finance cost paid	21.	(256,410,824)	(313,573,489)	(16,608,460)	(8,591,265)
Income tax paid		(928,622,420)	(1,100,501,163)	-	(7,854,610)
Defined benefit plan costs paid	17.	(92,851,101)	(98,083,103)	-	(1,069,200)
Net cash from/(used in) operating activities		(278,137,282)	1,895,823,186	(89,464,832)	(246,339,254)
Cash flows from/(used in) investing activities					
Investment income received	22.	54,268,600	80,654,018	17,461	30,159
Dividend received		13,680,947	9,212,340	1,491,039,116	6,823,482
Acquisition of property, plant and equipment	3.	(426,553,735)	(597,231,464)	(2,005,225)	(22,011,587)
Acquisition of intangible assets	5.	(17,179,870)	(36,198,841)	(1,195,233)	(3,959,430)
Proceeds from sale of property, plant and equipment		40,084,946	34,857,363	15,000	-
Other current investments (net)		(180,063,755)	34,630,370	(1,005,355)	49,009
Other non current investments (net)		(9,690,279)	42,042,609	-	-
Investment in subsidiaries		-	-	-	(100,000)
Net acquisition of subsidiaries, net of cash aquired	35.	(446,498,219)	(120,687,571)	-	-
Proceeds from sale of subsidiaries		20,593,650	12,223,586	67,500,000	-
Investment in equity investment		(70,219,222)	-	-	-
Net sales proceeds from disposal of equity investment		-	103,931,082	-	103,931,082
Additions to prepayment and other asset		(878,739,923)	(211,426,123)	-	-
Net cash flows from/(used in) investing activities		(1,900,316,860)	(647,992,631)	1,554,365,764	84,762,715
Cash flows from/(used in) financing activities					
Proceeds from financing	16.3.3.	11,241,407,294	4,704,760,400	157,499,807	273,325,677
Repayment of financing	16.3.4.	(7,016,066,935)	(1,070,780,503)	-	(222,037,036)
Repayment of lease	16.3.5.	(1,599,518,123)	(1,364,032,614)	(36,307,495)	(23,021,184)
Changes in non-controlling interest		-	(1,421,888,061)	-	-
Dividends paid to non-controlling interests		(10,287,038)	(182,576,573)	-	-
Dividends paid to equity holders of the parent	26.	(977,457,500)	-	(977,457,500)	-
Net cash flows from/(used in) financing activities		1,638,077,698	665,482,649	(856,265,188)	28,267,457
Effect of exchange rate changes		317,906,759	524,386,336	-	-
Net increase/(decrease) in cash and cash equivalents		(222,469,685)	2,437,699,540	608,635,744	(133,309,082)
Cash and cash equivalents at the beginning of the year	12	6,654,066,324	4,216,366,784	22,470,893	155,779,975
Cash and cash equivalents at the end of the year	12	6,431,596,639	6,654,066,324	631,106,637	22,470,893

The accounting policies and notes on pages 125 through 186 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENT

1. Corporate Information

1.1 General

Expolanka Holdings PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 10, Mile Post Avenue, Colombo 03 and the principal place of business is situated at No. 15 A, Clifford Avenue, Colombo 03.

Ordinary shares of the company are listed on the Colombo Stock Exchange.

The financial statements for the year ended 31 March 2021, comprises "the Company" referring to Expolanka Holdings PLC as the holding company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.2 Principal Activities and Nature of Operations

Holding Company

Expolanka Holdings PLC, the group's holding company, manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Expolanka group and provides management and administration services to its subsidiaries and related companies.

Subsidiaries, Joint Ventures and Associates which are grouped into 3 sectors namely Logistics, Leisure and Investments.

Logistics Sector

The logistics sector consists mainly of the group freight forwarding business represented by the EFL brand. The company engages in providing air freight, ocean freight and other contract logistics services such as warehousing & transport services. The sector also includes a GSA operations representing key strategic airlines.

Leisure Sector

The leisure sector consists mainly of corporate travel business which provides airline ticketing, hotel reservations, leisure services, inbound operations and event management services.

Investment Sector

The sector includes the export of commodities (desiccated coconut, a selection of fruits & vegetables), value added processing operation & IT services.

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

1.3 Parent and Ultimate Parent Entity

The Company's parent entity is SG Holdings Global Pte Ltd. In the opinion of the directors, the Company's ultimate parent undertaking and controlling party is SG Holdings Co., Ltd, which is incorporated in Japan.

1.4 Date of Authorisation for Issue

The Financial Statements for the year ended 31 March 2021 were authorised for issue by the Board of Directors on 31 May 2021.

2. Accounting Policies

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 07 of 2007.

2.1.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for:

- Financial instruments reflected as fair value through profit or loss which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value. (Previously classified as Available for Sale)
- Retirement benefit obligations which are determined based on actuarial valuations.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.1.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs), which is also the Company's functional currency. Subsidiaries whose functional currencies are different as they operate in different economic environments are reflected in Note 2.2.1 to the Financial Statements.

2.1.4 Materiality and Aggregation

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

2.1.5 Comparative information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statement of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.1.6 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.2 Significant Accounting Policies

2.2.1 Basis of Consolidation

Subsidiaries

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

Group controls an investee if, and only if, the Group has:

- Power over the investee (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

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Analysis of subsidiaries of the group based on sectors which are incorporated in Sri Lanka:

Name of the Company	Holding Percentage	
	2021	2020
Logistics		
Direct		
A V S Cargo International (Private) Limited (Sky Care (Private) Limited)	100%	100%
E F L Headquarters (Private) Limited	100%	100%
E F L Transport (Private) Limited	100%	100%
Excelsior Logistics (Private) Limited (EFL Space (Private) Limited)	100%	100%
Expolanka Freight (Private) Limited	100%	100%
Freight Care (Private) Limited	100%	100%
Globe Air (Private) Limited	-	100%
International Airline Services (Private) Limited	100%	100%
Logistics Park (Private) Limited	100%	100%
Peri Logistics (Private) Limited	100%	100%
SG Logistics (Private) Limited	100%	100%
UCL Logistics (Private) Limited	100%	100%

Name of the Company	Holding Percentage	
	2021	2020
Indirect		
Alpha Air Solutions (Private) Limited	100%	100%
Alpha Aviation (Private) Limited	100%	100%
E A M Global (Private) Limited	100%	100%
E F L Global Freeport (Private) Limited	100%	100%
E F L Hub (Private) Limited	100%	100%
Oki Doki (Private) Limited	100%	100%
Pulsar Marine Services (Private) Limited	100%	100%
Pulsar Shipping Agencies (Private) Limited	100%	100%
Quickee Delivery Services (Private) Limited	100%	100%
Leisure		
Direct		
Classic Destinations (Private) Limited	100%	100%
Classic Travel (Private) Limited	100%	100%
Expo Visa Services (Private) Limited	100%	100%
Indirect		
Bongo (Private) Limited	100%	100%
Classic Fun Time (Private) Limited	100%	100%
Sunpower Travels (Private) Limited	100%	100%
Travel Bridge (Private) Limited	100%	100%
Investment		
Direct		
Expolanka (Private) Limited	100%	100%
I T X 360 (Private) Limited	100%	100%
Tropikal Life International (Private) Limited	100%	100%

Analysis of subsidiaries of the group based on sectors which are incorporated outside Sri Lanka:

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2021	2020
Logistics				
Direct				
EFL Global Logistics (Pte.) Ltd	Singapore	USD	100%	100%
Indirect				
Air Sea Logistics Limited	Kenya	KES	100%	100%
Airline Cargo Resources FZCO	Dubai	AED	100%	100%
AMZ Logistics Solutions Private Limited	India	INR	50.96%	50.96%
AVS Cargo Management Services Private Limited	India	INR	51%	51%
EFL Brokerage LLC	USA	USD	100%	100%

NOTES TO THE FINANCIAL STATEMENT

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2021	2020
EFL Container Lines LLC	USA	USD	100%	100%
EFL Europe B.V.	Netherlands	EUR	100%	100%
EFL Express Private Limited	India	INR	100%	100%
EFL Global (Thailand) Ltd	Thailand	THB	100%	-
EFL Global B.V.	Belgium	EUR	100%	100%
EFL Global LLC (Expolanka USA LLC)	USA	USD	100%	100%
EFL Global Logistics Canada Ltd	Canada	CAD	100%	-
EFL Malaysia Sdn. Bhd	Malaysia	MYR	100%	100%
EFL Taiwan (Private) Limited	Taiwan	TWD	100%	100%
EFL Transportation LLC	USA	USD	100%	100%
Expo Freight (Hong Kong) Limited	Hong Kong	HKD	100%	100%
Expo Freight (Shanghai) Limited	China	CNY	100%	100%
Expo Freight (Shenzhen) Limited	China	CNY	100%	100%
Expo Freight Denmark ApS	Denmark	DNK	100%	100%
Expo Freight Holdings (Thailand) Limited	Thailand	THB	100%	-
Expo Freight Limited	Myanmar	MMK	100%	100%
Expo Freight Private Limited	India	INR	100%	100%
Expolanka Freight (Cambodia) Limited	Cambodia	PNH	100%	100%
Expolanka Freight (Philippines) Inc.	Philippines	USD	100%	100%
Expolanka Freight (Proprietary) Ltd	South Africa	ZAR	100%	100%
Expolanka Freight (Vietnam) Ltd	Vietnam	VND	99%	99%
Expolanka Freight Dubai LLC	Dubai	AED	100%	100%
Expolanka Freight FZCO	Dubai	AED	100%	100%
Expolanka Freight Ltd	Kenya	KES	100%	100%
Expolanka Freight Ltd	Mauritius	MUR	100%	100%
Expolanka Madagascar S.A.U	Madagascar	MGA	100%	100%
International Sky Services India Private Limited	India	INR	100%	100%
PT Expo Freight Indonesia	Indonesia	USD	90%	90%
Seville Container Freight Station Inc	USA	USD	100%	-
Seville Freight Systems Inc	USA	USD	100%	-
Seville Transfer Ltd	USA	USD	100%	-
Union Cargo Private Limited	Pakistan	PKR	-	75.5%
Leisure				
Indirect				
Classic Travel Maldives (Private) Limited	Maldives	MVR	49%	49%
Investment				
Indirect				
Expolanka Agri Exports (Private) Limited	India	INR	100%	100%

Consolidation of entities in which the Group holds less than 50% share holdings

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual 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

The following companies, with equity control equal to or less than 50%, have been consolidated as subsidiaries based on above criteria.

	Holding Percentage	
	2021	2020
Classic Travels Maldives Pvt Ltd	49%	49%

Acquisition of Subsidiaries
The assets and liabilities as at the acquisition date are stated at their provisional fair values and may be amended in accordance with SLFRS 3 - Business Combination.

Investment subsidiaries are carried at cost less impairments (if any) in the separate financial statements.

Equity Accounted Investees (Investment in associates and joint ventures)
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in its associate and joint venture are accounted at cost in the Company financial statements.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made 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 associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or 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 associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENT

Joint ventures of the Group are;

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2021	2020
Globe Air (Private) Limited	Sri Lanka	LKR	50%	-
Caliber Global India Pvt Ltd	India	INR	50%	-

Associate of the Group/Company is;

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2021	2020
Amana Takaful (Maldives) PLC	Maldives	LKR	22.73%	22.73%

Principle business activities of the above Associate is provision of Takaful Insurance.

2.2.2 Business combinations and goodwill

Business Combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquire either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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 and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of Profit or Loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the Statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of 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 the cash-generating unit retained.

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under the heading "Non-controlling Interest".

2.2.3 Foreign Currency

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss. Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss. Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Foreign Operations

The results and financial position of all Group entities that have a functional currency other than the Sri Lankan Rupee are translated into Sri Lankan Rupees as follows:

- Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition are translated to Sri Lankan Rupees at the exchange rate prevailing at the reporting date;
- Income and expenses are translated at the average exchange rates for the period.

The exchange differences arising on translation for Consolidation are recognised in Other Comprehensive Income. On disposal of a foreign operation, the relevant amount in the translation reserve is transferred to the Statement of Profit or Loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest in that foreign operation. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to the Statement of Profit or Loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation, and translated at the spot rate of exchange at the reporting date.

2.2.4 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 sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- 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 a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- It does not have a right at the reporting date to defer settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period.

The Group classifies all other liabilities as non- current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.5 Property, Plant and Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Basis of Recognition

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Basis of Measurement

Items of property, plant & equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment losses, if any.

Owned Assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

NOTES TO THE FINANCIAL STATEMENT

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Subsequent Costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant & equipment are recognised in the Statement of Profit or Loss as incurred.

Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

Depreciation

Depreciation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Freehold Buildings	10 - 40 years
Plant and Machinery	3 - 8 years
Furniture and Fittings	4 - 20 years
Technological Equipment	3 - 5 years
Office and Factory Equipment	3 - 10 years
Motor Vehicles	5 years
Tools and Equipment	3 - 4 years
Leased Improvements	5 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.2.6 Right of use assets and lease liabilities

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Basis of Recognition

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Properties – 1 to 9 Years
Motor vehicles – 5 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease Liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

Short-term Leases and Leases of Low-value Assets
The Group appled the 'short-term lease' and 'lease of low-value assets' recognition exemptions during the year for any lease contracts.

2.2.7 Intangible Assets

Basis of Recognition
An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful life of intangible asset is assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

The useful life of intangible asset is as follows;

Software - Over 4 Years

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 treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

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 useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2.2.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories;
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an employees included under other non-current financial assets.

Financial Assets Designated at Fair Value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e: removed from the Group's consolidated financial position) when:
- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or
(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:

Trade Receivables
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, 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.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal 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

Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 27 to the Financial Statements.

2.2.9 Inventories

Inventories are valued at the lower of cost and net realisable value except commodity broker – traders. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

a) Raw materials:
Purchase cost on a weighted average basis.

b) Finished goods and work in progress:
Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

c) Other inventories:
At actual cost

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.2.10 Impairment of non- financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.2.11 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.2.12 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 13. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

2.2.14 Employee Benefits

a) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

b) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 17. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The gratuity liability is not funded.

2.2.15 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has several operating segments which are described In Note 28 to these financial statements. In all operating segments, the Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Sale of Goods

Revenue from sale of goods is recognised 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, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

NOTES TO THE FINANCIAL STATEMENT

(ii) Significant financing component
The Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Where long-term advances are received from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Rendering of Services (Logistics Sector)
The Group generates its revenues from four principal services: 1) Seafreight, 2) Airfreight, 3) Overland, and 4) Contract Logistics.

Revenues reported in each of these reportable segments include revenues generated from the principal service as well as revenues generated from ancilliary services like customs clearance, export documentation, import documentation, door-to-door service, and arrangement of complex logistics supply movement, that are incidental to the principal service.

In Seafreight, Airfreight and Overland the Group generates the majority of its revenues by purchasing transportation services from direct (asset-based) carriers and selling a combination of those services to its customers. In its capacity of arranging carrier services, the Group issues a contract of carriage to customers. Revenues related to shipments are recognised based upon the terms in the contract of carriage and to the extent a service is completed. The Group measures the fulfilment of its performance obligations as services are rendered based on the status of a shipment.

There are no significant judgements involved in the measurement of the performance of its obligations and the Group's contracts do not include any material variable considerations.

The Group elects to use the practical expedient regarding the disclosure requirement of the transaction price allocated to unsatisfied performance obligations. In nearly all customer contracts either the original expected duration is one year or less or the revenue is recognised at the amount to which the Group has a right to invoice.

Agency Services
When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount that it retains for its agency services.

Contract Assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Interest
Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental cost that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income is presented in finance income in the Statement Profit or Loss.

Dividend
Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Gains and Losses
Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within "other income" in profit or loss.

Other Income
Other income is recognised on an accrual basis.

2.2.16 Expenses
Expenses are recognised in the profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. For the purpose of presentation of the Statement of Profit or Loss, the function of expenses method is adopted.

Repairs and renewals are charged to profit or loss in the year in which the expenditure is incurred.

Finance Income and Finance Cost
Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in the Statement of Profit or Loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the Statement of Profit or Loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
Foreign currency gains and losses are reported on a net basis.

2.2.17 Tax expense
Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in Equity or in Other Comprehensive Income.

Current Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

In respect of taxable temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

In respect of deductible temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the Statement of Profit or Loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables that are stated with the amount of sales tax.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

2.3 General

2.3.1 Events Occurring After the Reporting Date

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

2.3.2 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.

2.3.3 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method".

Interest paid is classified as an financing cash flow. Grants received, which are related to purchase and construction of property, plant & equipment are classified as investing cash flows. Dividend and interest income are classified as cash flows from investing activities.

Dividends paid are classified as financing cash flows. Dividends received by Expolanka Holdings PLC, which is an investment company, are classified as operating cash flows.

2.3.4 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chairman and the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

2.3. Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Management has assessed that the application of these standards and amendments do not have material impact on the financial statements of the Company and Group.

Amendments to IFRS 16 COVID-19 Related Rent Concessions

- On May 2020, The Institute of Chartered Accountants of Sri Lanka issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16.

In May 2020, The Institute of Chartered Accountants of Sri Lanka issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities 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 costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Reference to the Conceptual Framework – Amendments to SLFRS 3
In May 2020, The Institute of Chartered Accountants of Sri Lanka issued Amendments to SLFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, with a reference to the Conceptual Framework without significantly changing its requirements.

The Board also added an exception to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37
In May 2020, The Institute of Chartered Accountants of Sri Lanka issued amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)
The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021.

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current
In March 2021, The Institute of Chartered Accountants of Sri Lanka adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

2.4 Significant Accounting Estimates and Judgements
The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and 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 if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

NOTES TO THE FINANCIAL STATEMENT

Going Concern
In determining the basis of preparing financial statements for the year ended 31 March 2021, based on available information, the management has assessed the existing and anticipated effects on COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis. In March 2021, each sector evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios, relating to expected revenue streams, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedule, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue at least impacted as possible.

Having presented the outlook for each sector to the holding company Board and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries and associates have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting financial statements.

Taxation
Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

Measurement of the Employee Benefit Obligations
The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 17 to the Financial Statements. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

Measurement of the Recoverable Amount of Cash-Generating Units Containing Goodwill
The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 2.2.10. The basis of determining the recoverable amounts of cash generating units and key assumptions used are given in Note 5.1.5 to the Financial Statements.

Provision for Expected Credit Losses (ECL) of Trade Receivable
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 11.

Fair Value Measurement
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. The fair value measurement 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 for the asset or liability;

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1-Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Involvement of external valuers is determined annually by the senior management and the board after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an annual basis, the senior management presents the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

NOTES TO THE FINANCIAL STATEMENT

3. PROPERTY, PLANT AND EQUIPMENT

3.1. Group

	Freehold land Rs.	Freehold buildings Rs.	Plant and machinery Rs.	Furniture and fittings Rs.	Office and factory equipment Rs.	Technological equipment Rs.
3.1.1. Cost						
As at 1 April 2020	748,331,636	1,244,321,659	271,865,430	846,357,436	455,184,966	687,501,270
Additions	-	-	59,311,154	83,151,253	25,387,552	123,010,463
Disposals	-	-	-	(44,666,727)	(30,779,498)	(51,398,663)
Transfers from/to others	-	-	110,996,050	75,133,951	(11,976,121)	(5,048,369)
Acquisition of subsidiaries	-	-	183,403,611	4,251,406	-	-
Disposal of subsidiaries	-	-	-	(3,938,810)	(3,298,003)	(7,361,028)
Exchange difference	-	18,136,214	11,805,104	51,264,637	15,540,850	24,949,699
As at 31st March 2021	748,331,636	1,262,457,873	637,381,349	1,011,553,146	450,059,746	771,653,372
3.1.2 Accumulated depreciation						
As at 1 April 2020	-	277,872,793	93,683,838	356,566,968	235,575,866	442,225,767
Charge for the year	-	42,003,871	50,843,257	113,975,814	47,820,823	120,415,682
Disposal	-	-	-	(44,666,727)	(30,779,498)	(51,398,663)
Transfers from/to others	-	-	82,467,342	26,708,792	4,913,141	(5,556,378)
Acquisition of subsidiaries	-	-	166,978,920	4,251,406	-	-
Disposal of subsidiaries	-	-	-	(3,902,443)	(2,693,629)	(6,763,024)
Exchange difference	-	3,126,890	6,834,743	21,134,141	6,924,741	14,360,170
As at 31st March 2021	-	323,003,554	400,808,100	474,067,951	261,761,444	513,283,554
3.1.3. Carrying value						
As at 31st March 2021	748,331,636	939,454,319	236,573,249	537,485,195	188,298,302	258,369,818
As at 1 April 2020	748,331,636	966,448,866	178,181,592	489,790,468	219,609,100	245,275,503

3.1.4. During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 426,553,735/- (2020 - Rs. 597,231,464/-). Cash payments amounting to Rs 426,553,735/- (2020 - Rs.597,231,464/-) were made during the year ended for purchase of Property, Plant and Equipment.

3.1.5. Acquisition of subsidiaries - property, plant and equipment

During the year, the Group has acquired Seville Container Freight Station Inc, Seville Freight Systems Inc and Seville Transfer Ltd. Detailed disclosure is set out in Note 35.

The aggregate values of the property, plant and equipment of above companies as at the date of acquisition were as follows:

	Cost	Accumulated depreciation	Carrying value
Plant and machinery	183,403,611	166,978,920	16,424,691
Furniture and fittings	4,251,406	4,251,406	-
	187,655,017	171,230,326	16,424,691

Motor vehicle Rs.	Tools and equipment Rs.	Other assets Rs.	Leasehold improvements Rs.	Capital work in progress Rs.	Total Rs.
560,832,765	60,884,393	60,950,833	516,497,808	409,483	5,453,137,679
97,723,010	170,000	-	25,179,207	12,621,096	426,553,735
(53,692,150)	(7,396,571)	-	(17,058,545)	-	(204,992,154)
8,759,207	(32,811,011)	(60,950,833)	(75,343,667)	-	8,759,207
-	-	-	-	-	187,655,017
(5,951,730)	-	-	-	-	(20,549,571)
17,356,515	942,326	-	12,011,345	(9)	152,006,681
625,027,617	21,789,137	-	461,286,148	13,030,570	6,002,570,594
345,350,325	46,453,677	41,209,650	208,837,975	-	2,047,776,859
49,379,381	2,889,789	-	59,914,377	-	487,242,994
(33,263,933)	(1,721,923)	-	(10,268,952)	-	(172,099,696)
8,759,207	(32,011,544)	(41,209,650)	(35,311,704)	-	8,759,206
-	-	-	-	-	171,230,326
(5,767,967)	-	-	-	-	(19,127,063)
7,538,974	785,064	-	4,753,901	-	65,458,624
371,995,987	16,395,063	-	227,925,597	-	2,589,241,250
253,031,630	5,394,074	-	233,360,551	13,030,570	3,413,329,344
215,482,440	14,430,716	19,741,183	307,659,833	409,483	3,405,360,820

3.1.6. Disposal of subsidiaries - property, plant and equipment

During the year, the Group has disposed the total investment of 75.5% in Union Cargo Private Limited - Pakistan and 50% of the total investment in Globe Air (Private) Limited - Sri Lanka. Detailed disclosure is set out in Note 36.

The aggregate values of the property, plant and equipment of above companies as at the date of disposal were as follows:

	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	3,938,810	3,902,443	36,367
Office and factory equipment	3,298,003	2,693,629	604,374
Technological equipment	7,361,028	6,763,024	598,004
Motor vehicle	5,951,730	5,767,967	183,763
	20,549,571	19,127,063	1,422,508

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

3.2. Company

	Furniture and fittings Rs.	Office and factory equipment Rs.	Technological equipment Rs.	Motor vehicle Rs.	Leasehold improvements Rs.	Total Rs.
3.2.1. Cost						
As at 1 April 2020	10,875,518	5,945,622	53,038,441	49,367,432	25,776,711	145,003,724
Additions	98,476	967,700	939,050	-	-	2,005,226
Disposals	-	-	-	(155,982)	-	(155,982)
As at 31st March 2021	10,973,994	6,913,322	53,977,491	49,211,450	25,776,711	146,852,968
3.2.2. Accumulated depreciation						
As at 1 April 2020	5,237,214	4,266,946	49,555,795	31,738,174	19,145,098	109,943,227
Charge for the year	1,291,520	422,687	1,715,107	3,458,300	4,218,828	11,106,442
Disposal	-	-	-	(155,982)	-	(155,982)
As at 31st March 2021	6,528,734	4,689,633	51,270,902	35,040,492	23,363,926	120,893,687
3.2.3. Carrying value						
As at 31st March 2021	4,445,260	2,223,689	2,706,589	14,170,958	2,412,785	25,959,281
As at 1 April 2020	5,638,304	1,678,676	3,482,646	17,629,258	6,631,613	35,060,497

3.2.4. During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 2,005,226/- (2020 - Rs. 22,011,587/-). Cash payments amounting to Rs 2,005,226/- (2020 - Rs.22,011,587/-) were made during the year ended for purchase of Property, Plant and Equipment.

4. RIGHT OF USE ASSETS

The Group/Company has lease contracts for property and vehicles used in its operations. Leases of property generally have lease terms between 1 and 30 years, while motor vehicles generally have lease terms between 1 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group/Company also has certain leases of property, machinery and vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Group/Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group			Company	
	Property Rs.	Motor vehicles Rs.	Total Rs.	Property Rs.	Total Rs.
4.1. Cost					
As at 1 April 2020	4,147,395,939	124,252,525	4,271,648,464	33,004,598	33,004,598
Additions	2,084,541,524	9,358,544	2,093,900,068	34,806,672	34,806,672
Derecognition	(785,001,678)	(31,738,275)	(816,739,953)	(2,974,180)	(2,974,180)
Transfers from/to others	-	(8,759,207)	(8,759,207)	-	-
Disposal of subsidiaries	(7,756,767)	(341,991)	(8,098,758)	-	-
Exchange difference	268,674,784	1,705,983	270,380,767	-	-
As at 31st March 2021	5,707,853,802	94,477,579	5,802,331,381	64,837,090	64,837,090

	Group			Company	
	Property Rs.	Motor vehicles Rs.	Total Rs.	Property Rs.	Total Rs.
4.2. Accumulated depreciation					
As at 1 April 2020	1,166,380,044	82,355,560	1,248,735,604	12,902,939	12,902,939
Charge for the year	1,558,022,843	24,376,100	1,582,398,943	23,462,680	23,462,680
Derecognition	(785,001,678)	(31,738,275)	(816,739,953)	(2,974,180)	(2,974,180)
Transfers from/to others	-	(8,759,207)	(8,759,207)	-	-
Disposal of subsidiaries	(4,524,397)	(227,994)	(4,752,391)	-	-
Exchange difference	83,190,996	604,614	83,795,610	-	-
As at 31st March 2021	2,018,067,808	66,610,798	2,084,678,606	33,391,439	33,391,439
4.3. Carrying value					
As at 31st March 2021	3,689,785,994	27,866,781	3,717,652,775	31,445,651	31,445,651
As at 1 April 2020	2,981,015,895	41,896,965	3,022,912,860	20,101,659	20,101,659

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings):

4.4. Lease liability

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

		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current portion of lease liability	16.1.	1,423,959,117	954,653,432	24,732,281	12,278,314
Non-current portion of lease liability	16.2.	2,084,917,758	1,780,092,377	4,864,756	10,189,235
Total Lease liability/lease creditor		3,508,876,875	2,734,745,809	29,597,037	22,467,549

The maturity analysis of lease liabilities are disclosed in Note 16.4.

		Group		Company	
4.5. Amounts recognised in profit or loss					
Total depreciation expense of right-of-use assets	23.1.	1,582,398,943	1,247,394,840	23,462,680	22,269,660
Interest cost on lease liabilities	21.	110,849,720	141,748,083	2,850,349	3,117,414
Total expense relating to leases of low-value assets and short term leases:	23.2.	180,350,167	55,908,256	-	-
Total amount recognised in profit or loss		1,873,598,830	1,445,051,179	26,313,029	25,387,074

4.6. During the year, the Group has disposed the total investment of 75.5% in Union Cargo Private Limited - Pakistan and 50% of the total investment in Globe Air (Private) Limited - Sri Lanka. Detailed disclosure is set out in Note 36.

The aggregate values of the property, plant and equipment of above companies as at the date of disposal were as follows:

	Cost	Accumulated depreciation	Carrying value
Property	7,756,767	4,524,397	3,232,370
Motor vehicles	341,991	227,994	113,997
	8,098,758	4,752,391	3,346,367

5. INTANGIBLE ASSETS

5.1. Group

	2021			2020		
	Computer Software Rs.	Goodwill Rs.	Total Rs.	Computer Software Rs.	Goodwill Rs.	Total Rs.
5.1.1. Cost						
As at 1 April	334,299,720	437,649,226	771,948,946	315,959,434	374,519,791	690,479,225
Additions	17,179,870	430,073,528	447,253,398	36,198,841	63,129,435	99,328,276
Derecognition	(36,932,905)	-	(36,932,905)	(29,583,826)	-	(29,583,826)
Transfers from/to others	-	-	-	5,218,935	-	5,218,935
Acquisition of subsidiaries	-	-	-	1,228,311	-	1,228,311
Exchange difference	4,992,873	-	4,992,873	5,278,025	-	5,278,025
As at 31st March	319,539,558	867,722,754	1,187,262,312	334,299,720	437,649,226	771,948,946
5.1.2. Accumulated amortisation						
As at 1 April	94,978,123	-	94,978,123	55,379,970	-	55,379,970
Charge for the year	87,444,775	-	87,444,775	67,261,707	-	67,261,707
Derecognition	(36,932,905)	-	(36,932,905)	(29,583,826)	-	(29,583,826)
Acquisition of subsidiaries	-	-	-	237,975	-	237,975
Exchange difference	2,358,946	-	2,358,946	1,682,296	-	1,682,296
As at 31st March	147,848,939	-	147,848,939	94,978,122	-	94,978,122
5.1.3. Carrying value						
As at 31st March 2021	171,690,619	867,722,754	1,039,413,373	239,321,598	437,649,226	676,970,824
As at 1 April 2020	239,321,597	437,649,226	676,970,823	260,579,464	374,519,791	635,099,255

5.1.4. Goodwill

Goodwill acquired through business combinations have been allocated to cash generating units (CGU's) for impairment testing as follows;

	Note	2021 Rs.	2020 Rs.
Expolanka Freight (Vietnam) Limited		33,262,114	33,262,114
Expolanka USA LLC		121,654,555	121,654,555
Expofreight (Hong Kong) Limited		6,016,298	6,016,298
Expo Freight (Shanghai) Limited		6,664,711	6,664,711
EFL Global Freeport (Private) Limited		206,922,113	206,922,113
Quickee Delivery Solutions (Private) Limited		13,004,083	13,004,083
EFL Global B.V.		50,125,352	50,125,352
Seville Container Freight Station Inc	35.	430,073,528	-
		867,722,754	437,649,226

The recoverable amount of all CGUs have been determined based on the value in use (VIU) calculation.

5.1.5. Key assumptions used in the VIU calculations

The Group performed its annual impairment test in 31 March 2021 and 2020. Impairment test was based on the VIU calculation of respective companies. The value in use calculation is based on a discounted cash flow model. Management has considered 5 years free cash flows for this purpose.

The cash flows are derived from the most recent budget and do not included the restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generated unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. (8% - 16%)

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 1% growth rate.

5.2. Company

Computer Software	2021 Rs.	2020 Rs.
5.2.1. Cost		
As at 1 April	7,099,430	3,140,000
Additions	1,195,233	3,959,430
As at 31st March	8,294,663	7,099,430
5.2.2. Accumulated amortisation		
As at 1 April	2,118,750	1,333,750
Charge for the year	1,850,308	785,000
As at 31st March	3,969,058	2,118,750
5.2.3. Carrying value		
As at 31st March 2021	4,325,605	4,980,680
As at 1 April 2020	4,980,680	1,806,250

6. INVESTMENTS IN SUBSIDIARIES

6.1. Company

	Note	2021 Holding %	2021 Amount Rs.	2020 Holding %	2020 Amount Rs.
Non - Quoted					
A V S Cargo International (Private) Limited (Skycare (Private) Limited)		100	1,679,053	100	1,679,053
Classic Destinations (Private) Limited		100	30	100	30
Classic Travel (Private) Limited		100	25,597,538	100	25,597,538
E F L Headquarters (Private) Limited		100	1,924,090,988	100	1,924,090,988
E F L Transport (Private) Limited		100	260,000	100	260,000
EFL Global Logistics (Pte) Ltd		100	211,016,250	100	211,016,250
Excelsior Logistics (Private) Limited (EFL Space (Private) Limited)		100	100,000	100	100,000
Expo Visa Services (Private) Limited		100	1,173,555	100	1,173,555
Expolanka (Private) Limited		100	596,111,561	100	596,111,561
Expolanka Freight (Private) Limited		100	292,098,014	100	292,098,014
Freight Care (Private) Limited		100	4,423,590	100	4,423,590
Globe Air (Private) Limited		0	-	100	17,214,477
International Airlines Services (Private) Limited		100	10,027,726	100	10,027,726
ITX 360 (Private) Limited		100	100,000,000	100	100,000,000
Logistics Park (Private) Limited		100	1,250,000,000	100	1,250,000,000
Peri Logistics (Private) Limited		60	10,000,000	60	10,000,000
SG Logistics (Private) Limited		100	79,105,042	100	79,105,042
Tropikal Life International (Private) Limited		100	41,000,050	100	41,000,050
UCL Logistics (Private) Limited		100	17,631,222	100	17,631,222
			4,564,314,619		4,581,529,096
Less - Provision for impairment of investments in subsidiaries	6.1.1.				
International Airlines Services (Private) Limited		100	(10,027,726)	100	(10,027,726)
Expo Visa Services (Private) Limited		100	(1,173,555)	100	(1,173,555)
UCL Logistics (Private) Limited		100	(17,631,222)	100	(17,631,222)
Total carrying value of investments in subsidiaries			4,535,482,116		4,552,696,593

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

6.1.1. Provision for impairment of investments in subsidiaries

Impairment provision is recognised to the extent that exceeds the carrying value over the investee's recoverable value as at the reporting date. Note 2.2.10 provides further details on Group's policy of assessing the recoverable value.

The provision for impairment of investments in International Airlines Services (Private) Limited, Expo Visa Services (Private) Limited and UCL Logistics (Private) Limited have been recognised in prior periods as the operations of these entities have been discontinued.

At each reporting date, the Company determines whether there is an indication that the above provision for impairment of investments recognised in prior periods needs to be reversed, based on the changes in the estimates used to determine the recoverable amount.

7. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES

Country		Group				Company			
		No of Shares	Effective Holding %	2021 Rs.	2020 Rs.	No of Shares	Effective Holding %	2021 Rs.	2020 Rs.
7.1. Investment in an associate									
Quoted									
Amana Takaful Maldives PLC	Maldives	4,600,000	22.73	43,990,000	43,990,000	4,600,000	22.73	43,990,000	43,990,000
7.2. Investment in joint ventures									
Unquoted									
Caliber Global India Private Limited	India	100,000	50	2,719,222	-	-	0	-	-
Globe Air (Private) Limited	Sri Lanka	250,001	50	67,500,000	-	250,001	50	67,500,000	-
General Sales Agents (GSA) based in Bangladesh*	Bangladesh	-	0	-	85,864,519	-	0	-	-
Cumulative profit accruing to the Group net of dividend				148,569,516	106,781,157			-	-
Share of net assets of equity accounted investees				25,382,248	25,382,248			-	-
Change in ownership of joint ventures				-	(97,745,227)			-	-
				288,160,986	164,272,697			111,490,000	43,990,000

* General Sales Agents (GSA) based in Bangladesh were Airline Cargo Resources Limited, Airline Services Limited, Cross Freight Lines Limited, Freight Care Aviation Limited and Wings Classic Tours & Travels Limited which were disposed in last year.

7.3. The market price of a share of the Associate amounts to MVR 7.00 equivalent to Rs. 90.58 (2020 - MVR 4.40 equivalent to Rs. 54.07) The investment in equity accounted investees in separate financial statements are carried at cost.

NOTES TO THE FINANCIAL STATEMENT

7. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES (CONTD.)

7.4. Summarised financial information of equity accounted investees:

	Associates		Joint Ventures		Total	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue	533,234,584	325,938,865	1,164,026	65,121,616	534,398,610	391,060,481
Other income	181,920,691	112,218,368	15,839,072	1,464,328	197,759,763	113,682,696
Administrative expenses, including depreciation	(391,394,311)	(318,320,990)	(16,876,580)	(30,687,178)	(408,270,891)	(349,008,168)
Selling and distribution cost	(13,280,246)	(20,299,212)	(53,936)	(4,179,894)	(13,334,182)	(24,479,106)
Finance costs, including interest expense	-	-	(49,833)	(699,646)	(49,833)	(699,646)
Profit/(loss) before income tax	310,480,717	99,537,030	22,750	31,019,226	310,503,467	130,556,256
Income tax	(36,475,099)	(14,793,097)	-	(7,257,814)	(36,475,099)	(22,050,911)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	274,005,618	84,743,933	22,750	23,761,412	274,028,368	108,505,345
Share of result of equity accounted investees	62,281,477	19,262,296	11,375	11,880,706	62,292,852	31,143,002
Dividends received	(8,623,785)	(6,823,482)	-	-	(8,623,785)	(6,823,482)
Profit accruing to the Group net of dividend	53,657,692	12,438,814	11,375	11,880,706	53,669,067	24,319,520
Total assets	2,662,159,098	2,062,108,781	99,479,946	-	2,761,639,044	2,062,108,781
Total liabilities	(1,285,284,263)	(1,079,479,661)	(93,797,162)	-	(1,379,081,425)	(1,079,479,661)
Net assets	1,376,874,835	982,629,120	5,682,784	-	1,382,557,619	982,629,120
Share of capital reserve	111,692,855	111,692,855	-	-	111,692,855	111,692,855
Net carrying value of the investments	1,488,567,690	1,094,321,975	5,682,784	-	1,494,250,474	1,094,321,975
Fair value of goodwill	(26,774,795)	(26,774,795)	134,728,346	-	107,953,551	(26,774,795)
Exchange flcutuation	(503,014,241)	(344,834,039)	50,064	-	(502,964,177)	(344,834,039)
Net assets	958,778,654	722,713,141	140,461,194	-	1,099,239,848	722,713,141
Group carrying amount of investment	217,930,388	164,272,697	70,230,598	-	288,160,986	164,272,697
Cash flows from/(used in) operating activities	328,176,312	66,856,839	22,009,467	-	350,185,779	66,856,839
Cash flows from/(used in) investing activities	(324,861,590)	21,249,683	(792,781)	-	(325,654,371)	21,249,683
Cash flows from/(used in) financing activities	(41,491,000)	(31,117,378)	(102,455,478)	-	(143,946,478)	(31,117,378)

Total assets, include cash and cash equivalents of Rs. 477,219,004 (2020 - Rs. 258,165,742/-) and prepayments of Rs. 281,835,383 (2020 - Rs. 29,898,966/-).

Total liabilities, include tax payable of Rs. 211,213,807 (2020 - Rs. 191,189,630/-).

Profit before income tax is stated after charging depreciation & amortisation of Rs. 54,565,698 (2020 - Rs. 44,076,729/-) and interest expense of Rs. 49,832 (2020 - 699,644).

8. OTHER FINANCIAL ASSETS

8.1. Other financial assets - non current

	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Equity instruments at fair value though OCI					
Investments in non-quoted securities	8.1.1.				
SLFFA Cargo Services Limited		717,921	717,921	-	-
Uniforce Logistics Limited		-	1,903,630	-	-
Other non-equity investments					
Bank deposits (more than 1 year)		12,013,919	-	-	-
Total non-current other financial assets		12,731,840	2,621,551	-	-

8.1.1. Investments in non-quoted securities

Fair value of the unquoted ordinary shares has been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

8.2. Other financial assets - current

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Debt intruments at amortised cost				
Loans given to employees	341,756,732	159,645,640	1,408,002	402,647
Other non-equity investments				
Bank deposits (between 3 months and 1 year)	999,332	-	-	-
Total current other financial assets	342,756,064	159,645,640	1,408,002	402,647

*Trade receivables included in Note 11 also classify as 'Debt Instruments at amortised Cost'

NOTES TO THE FINANCIAL STATEMENT

9. PREPAYMENTS AND OTHER ASSETS

	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Prepayments and other assets		1,869,186,630	1,986,860,844	22,652,298	16,570,397
Non-current		-	308,972,775	-	-
Current	9.1.	1,869,186,630	1,677,888,069	22,652,298	16,570,397
		1,869,186,630	1,986,860,844	22,652,298	16,570,397

9.1 The current portion of prepayments and other assets include pre-paid expenses, deposits, advances and statutory recoverable.

10. INVENTORIES

	Group 2021 Rs.	Group 2020 Rs.
Raw materials	882,462	1,074,360
Packing materials	53,349,999	61,867,404
Finished goods	89,758,316	83,223,076
Consumables	3,238,294	3,241,299
Stationeries	1,682,012	3,058,595
Total of inventories lower of cost and net realisable value	148,911,083	152,464,734

10.1 The carrying amount of inventories carried at fair value less costs to sell of revolving perishable goods amounts to Rs. 138,387,548/- (2020 - Rs. 137,670,900/-). Other inventories are carried at cost.

10.2 The amount of inventories recognised as an expense during the period amounts to Rs. 13,875,417/- (2020 - Rs. 6,741,236/-).

11. TRADE AND OTHER RECEIVABLES

	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Trade debtors		49,927,060,196	18,320,908,194	-	-
Less: Allowances for expected credit losses	11.1	(1,304,913,417)	(705,672,185)	-	-
	11.2	48,622,146,779	17,615,236,009	-	-
Other debtors		467,292,568	784,764,085	2,609,074	2,618,161
Amounts due from related parties	11.3	134,311,547	16,014,688	270,382,122	304,653,517
		49,223,750,894	18,416,014,782	272,991,196	307,271,678

11.1. Allowances for expected credit losses

	Group	
	2021 Rs. Collectively impaired	2020 Rs. Collectively impaired
At 01 April	705,672,185	520,870,609
Charge for the year	975,496,457	347,385,539
Written off during the year	(396,564,846)	(101,579,213)
Disposal of subsidiaries	(13,080,906)	(73,404,980)
Exchange fluctuation	33,390,527	12,400,230
At 31 March	1,304,913,417	705,672,185

No provision is recognised for amounts due from related parties (Note 11.3.) based on the expected credit loss (ECL) calculation as the required provision under ECL is immaterial to the consolidated financial statements.

11.2. As at 31 March, the ageing analysis of trade receivables, is as follows:

	Group	
	2021 Rs.	2020 Rs.
Neither due nor past impaired	46,057,789,139	15,400,621,754
Past due but not impaired		
0 - 180 days	1,586,158,287	1,610,908,183
181 - 360 days	978,199,353	603,706,072
> 360 days	-	-
Allowance for expected credit losses	1,304,913,417	705,672,185
Gross carrying value	49,927,060,196	18,320,908,194
Allowance for expected credit losses	(1,304,913,417)	(705,672,185)
Total	48,622,146,779	17,615,236,009

Information on credit risk exposure are disclosed in Note 33.4.

NOTES TO THE FINANCIAL STATEMENT

11. TRADE AND OTHER RECEIVABLES (CONTD.)

11.3 Amounts due from related parties

		Group		Company	
		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Subsidiaries	11.3.1	-	-	177,851,162	304,653,517
Equity accounted entities	11.3.2	89,949,691	-	87,847,945	-
Other ralated parties	11.3.3	44,225,894	16,014,688	4,683,015	-
		134,175,585	16,014,688	270,382,122	304,653,517

These outstanding balances are short term and revolving balances which are unsecured.

11.3.1. Subsidiaries

A V S Cargo International (Private) Limited (Skycare (Private) Limited)	-	-	2,941	33,299
Alpha Air Solutions (Private) Limited	-	-	7,296,214	7,328,688
Alpha Aviation (Private) Limited	-	-	5,459,447	5,489,447
Bongo (Private) Limited	-	-	1,785	7,422
Classic Destinations (Private) Limited	-	-	279,402	688,294
Classic Travel (Private) Limited	-	-	108,402,627	88,683,234
Classic Vacation (Private) Limited	-	-	278,471	-
EAM Global (Private) Limited	-	-	-	13,718
EFL Global Freeport (Private) Limited	-	-	75,000	1,699,921
EFL Headquarters (Private) Limited	-	-	13,726,332	2,111,185
EFL Hub (Private) Limited	-	-	-	22,833,819
EFL Transport (Private) Limited	-	-	371,159	527,054
Expo Visa Services (Private) Limited	-	-	60,391	9,897
Expolanka (Private) Limited	-	-	7,252,022	6,876,988
Expolanka Freight (Private) Limited	-	-	26,783,768	20,348,669
Freight care (Private) Limited	-	-	-	38,247
Globe Air (Private) Limited	-	-	-	27,010,721
International Airlines (Private) Limited	-	-	-	31,649
ITX 360 (Private) Limited	-	-	2,310,421	113,139,762
Logistic Park (Private) Limited	-	-	3,020,458	3,258,512
Oki Doki (Private) Limited	-	-	67,625	43,272
Peri Logistics (Private) Limited	-	-	96,992	763,166
Pulsar Shipping Agencies (Private) Limited	-	-	512,624	515,927
SG Logistics (Private) Limited	-	-	4,000	79,803
Sun Power (Private) Limited	-	-	414,726	315,728
Travel Bridge (Private) Limited	-	-	-	33,299
Tropikal Life International (Private) Limited	-	-	1,434,757	1,062,182
UCL Logistics (Private) Limited	-	-	-	1,035,302
Union Cargo (Private) Limited	-	-	-	674,312
	-	-	177,851,162	304,653,517

11.3.2 Equity accounted entities

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Joint Ventures				
Globe Air (Private) Limited	87,444,310	-	87,847,945	-
Caliber Global India Pvt Ltd	2,505,381	-	-	-
	89,949,691	-	87,847,945	-

11.3.3 Other ralated parties

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Ultimate Parent				
SG Holdings Co., Ltd.	4,592,373	2,049,049	4,683,015	-
Fellow Subsidiaries				
Sagawa Express (H.K.) Co., Ltd.	3,597,934	4,351	-	-
Sagawa Express International Taiwan Corp	403,942	-	-	
Sagawa Express Philippines Inc.	9,712	80,415	-	-
Sagawa Express Vietnam Co.Ltd	3,187	-	-	
Sagawa Global Logistics Co., Ltd.	3,630,342	21,190	-	-
Sagawa Logistics Korea Co.Ltd	49,429	-	-	
SG Sagawa (Thailand) Co., Ltd.	3,007,115	-	-	-
SG Sagawa Ameroid Pte. Ltd.	1,785,196	810,265	-	-
SG Sagawa USA Inc.	-	1,078,315	-	-
SG Sagawa Vietnam Co., Ltd.	1,147,331	860,907	-	-
SGH Global Japan Co., Ltd.	25,999,333	10,984,811	-	-
Shanghai Poly-Sagawa Logistics Co., Ltd.	-	125,385	-	-
	44,225,894	16,014,688	4,683,015	-

12. CASH AND CASH EQUIVALENTS

	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Component of Cash and Cash Equivalents					
Cash at banks and on hand		7,610,756,231	7,156,046,860	631,106,637	22,470,893
Bank overdrafts	16.1	(1,179,159,592)	(501,980,536)	-	-
Cash & Cash Equivalents for the Purpose of the Cash Flow Statement		6,431,596,639	6,654,066,324	631,106,637	22,470,893

13. ASSETS HELD FOR SALE

As at 31 March 2020, the group changed the accounting treatment of its investment in Expo Freight Ltd (Bangladesh) from a subsidiary to a non-current asset held for sale. The major classes of net assets amounting to Rs. 274,883,413 have been considered for classifying as held for sale net of liabilities and other provisions.

This change in the classification arose due to changes in the governing & operational structure of the entity, where the Group has concluded that the management & operational control of the business is not with the Group. The Group has further decided to dispose of its equity interest in the company to its current partner.

For that effect Expolanka Holdings PLC has made and entered into a Share Purchase Agreement (SPA) dated 19th February 2020 with its current partner, who also is a minority shareholder in other Group companies in Pakistan, Vietnam, Cambodia and Myanmar. The parties have originally expected to complete the transaction by 31st July 2020 at an agreed cash consideration and a share consideration of the subsidiaries of Pakistan, Vietnam, Cambodia and Myanmar, where the Group will acquire the equity interest of its partner.

However, further negotiations with the parties to the transaction has been delayed due to the impact of the pandemic and completion of the transaction has been extended.

Further, considering the delay from the pandemic and the fact that the Group does not have control on the investment in Expo Freight Ltd (Bangladesh), a provision has been recognised in the profit or loss against the recoverable value of the sales transaction recognised in during the prior year.

14. STATED CAPITAL

	Note	Number	Rs.
Fully Paid Ordinary Shares	14.1	1,954,915,000	4,097,985,000

14.1 Fully paid ordinary shares

As at 1 April 2020	1,954,915,000	4,097,985,000
As at 31st March 2021	1,954,915,000	4,097,985,000

15. RESERVES

		Group	
		2021	2020
	Note	Rs.	Rs.
Fair value reserve of financial assets at FVOCI	15.1	-	-
Foreign currency translation reserve	15.2	1,614,493,928	940,585,702
		1,614,493,928	940,585,702

15.1. Fair value reserve of financial assets at FVOCI

As at 1 April 2020	-	(11,864,435)
Change in fair value for the year	-	(2,372,887)
Sale of financial instruments at FVOCI	-	1,072,649
Transfer of fair value reserve of equity investments designated of FVOCI	-	13,164,673
As at 31st March 2021	-	-

Fair Value Reserve of Financial Asset at FVOCI includes changes of fair value of financial instruments designated as Fair Value Reserve of Financial Asset at FVOCI.

15.2. Foreign currency translation reserve

	Group	
	2021 Rs.	2020 Rs.
As at 1 April 2020	940,585,702	995,557,428
Currency translation difference during the year	673,908,226	86,906,630
Amount transferred due to changes in holdings	-	(141,878,356)
As at 31st March 2021	1,614,493,928	940,585,702

Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operations and equity accounted investees into Sri Lankan rupees.

16. FINANCING AND LEASE PAYABLES

		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
16.1. Current finance cost bearing loans and borrowings					
Leases		1,423,959,117	954,653,432	24,732,281	12,278,314
Bank financing					
Short-term bank financing		1,059,005,512	975,997,462	-	-
Current portion of long term bank financing		57,471,327	11,846,160	-	-
Related party borrowings					
Short-term related party borrowings		8,570,320,970	3,897,778,903	-	-
Current portion of long term related party borrowings		564,711,067	384,732,219	-	-
Bank overdrafts	12	1,179,159,592	501,980,536	-	-
		12,854,627,585	6,726,988,712	24,732,281	12,278,314
16.2. Non-current finance cost-bearing loans and borrowings					
Leases		2,084,917,758	1,780,092,377	4,864,756	10,189,235
Bank financing		935,560,993	767,742,920	894,292,978	742,573,134
Related party borrowings		2,512,299,903	2,921,126,696	-	-
		5,532,778,654	5,468,961,993	899,157,734	752,762,369
Total finance cost-bearing loans and borrowings		18,387,406,239	12,195,950,705	923,890,015	765,040,683

NOTES TO THE FINANCIAL STATEMENT

16. FINANCING AND LEASE PAYABLES (CONTD.)

16.3. Movement of finance cost bearing loans and borrowings

16.3.1. Group

	Note	Leases	Bank financing	Related party borrowings	Total
As at 1 April 2020		2,734,745,809	1,755,586,542	7,203,637,818	11,693,970,169
Finance obtained	16.3.3	2,093,900,068	3,587,516,841	7,653,890,453	13,335,307,362
Repayment	16.3.4	(1,488,668,403)	(3,318,629,232)	(3,697,437,703)	(8,504,735,338)
Disposal of subsidiaries	36.	(648,018)	-	-	(648,018)
Exchange difference		169,547,419	27,563,681	487,241,372	684,352,472
As at 31st March 2021		3,508,876,875	2,052,037,832	11,647,331,940	17,208,246,647
Non-current		2,084,917,758	935,560,993	2,512,299,903	5,532,778,654
Current		1,423,959,117	1,116,476,839	9,135,032,037	11,675,467,993
Bank overdrafts					1,179,159,592
Total current finance cost bearing loans and borrowings					12,854,627,585

16.3.2 Company

	Leases	Bank financing	Total
As at 1 April 2020	22,467,549	742,573,134	765,040,683
Finance obtained	34,806,672	151,719,844	186,526,516
Repayment	(27,677,184)	-	(27,677,184)
As at 31st March 2021	29,597,037	894,292,978	923,890,015
Non-current	4,864,756	894,292,978	899,157,734
Current	24,732,281	-	24,732,281

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
16.3.3 Proceeds from financing - as per cash flow statement				
Bank financing	3,587,516,841	687,754,376	151,719,844	273,325,677
Related party borrowings	7,653,890,453	4,017,006,024	-	-
	11,241,407,294	4,704,760,400	151,719,844	273,325,677
16.3.4 Repayment of financing - as per cash flow statement				
Bank financing	(3,318,629,232)	(964,414,024)	-	(222,037,036)
Related party borrowings	(3,697,437,703)	(106,366,479)	-	-
	(7,016,066,935)	(1,070,780,503)	-	(222,037,036)
16.3.5 Repayment of lease - as per cash flow statement				
Lease - principle payment	(1,488,668,403)	(1,222,284,531)	(27,677,184)	(19,903,770)
Lease Interest on operating leases	(110,849,720)	(141,748,083)	(2,850,349)	(3,117,414)
	(1,599,518,123)	(1,364,032,614)	(30,527,533)	(23,021,184)

16.4 Maturity analysis

16.4.1. Group

	2021			
	Current - within 1 year	Non-Current - between 1 and 5 years	Non-Current - more than 5 years	Total
Leases	1,423,959,117	2,061,891,668	23,026,090	3,508,876,875
Bank financing	1,116,476,839	935,560,993	-	2,052,037,832
Related party borrowings	9,135,032,037	2,512,299,903	-	11,647,331,940
Bank overdrafts	1,179,159,592	-	-	1,179,159,592
	12,854,627,585	5,509,752,564	23,026,090	18,387,406,239

	2020			
	Current - within 1 year	Non-Current - between 1 and 5 years	Non-Current - more than 5 years	Total
Leases	954,653,432	1,663,611,017	116,481,360	2,734,745,809
Bank financing	987,843,622	767,742,920	-	1,755,586,542
Related party borrowings	4,282,511,122	2,325,107,107	596,019,589	7,203,637,818
Bank overdrafts	501,980,536	-	-	501,980,536
	6,726,988,712	4,756,461,044	712,500,949	12,195,950,705

16.4.2 Company

	2021			
	Current - within 1 year	Non-Current - between 1 and 5 years	Non-Current - more than 5 years	Total
Leases	24,732,281	4,864,756	-	29,597,037
Bank financing	-	894,292,978	-	894,292,978
	24,732,281	899,157,734	-	923,890,015

	2020			
	Current - within 1 year	Non-Current - between 1 and 5 years	Non-Current - more than 5 years	Total
Leases	12,278,314	10,189,235	-	22,467,549
Bank financing	-	742,573,134	-	742,573,134
	12,278,314	752,762,369	-	765,040,683

NOTES TO THE FINANCIAL STATEMENT

16. FINANCING AND LEASE PAYABLES (CONTD.)

16.5 Security and repayment terms

16.5.1 Terms with external financial institution

Company	Lending Institution	2021 Rs.	2020 Rs.	Repayment	Security
Classic Travel (Private) Limited - Sri Lanka	Amana Bank PLC	-	35,940,341	Repayable in 90 days from the borrowing date	None
Expo Freight (Private) Limited - India	Axis Bank Limited - India	4,447,929	3,822,722	Repayable in 60 monthly installments	Vehicle hypothecation
Expo Freight (Private) Limited - India	Axis Bank Limited - India	-	152,525,324	Repayable in 3 months	Secured against the current assets of the company
Expo Freight (Private) Limited - India	HDFC Bank Limited	35,435,658	47,979,257	Repayable in 60 monthly installments	Vehicle hypothecation
Expo Freight (Private) Limited - India	HDFC Bank Limited	522,749,220	-	Repayable in 3 months	Secured against the current assets of the company
Expolanka (Private) Limited - Sri Lanka	Amana Bank PLC	120,000,000	65,000,000	Repayable in 90 days from the borrowing date	None
Expolanka (Private) Limited - Sri Lanka	Amana Bank PLC	187,956,879	369,523,244	Repayable in 90 to 180 days from the borrowing date	None
Expolanka (Private) Limited - Sri Lanka	Amana Bank PLC	15,125,000	-	Repayable in 24 months days from borrowing date	None
Expolanka (Private) Limited - Sri Lanka	National Development Bank PLC	41,103,457	102,002,924	Repayable in 90 days from borrowing date	Corporate guarantee from Expolanka Holdings PLC
Expolanka Holdings PLC - Sri Lanka	National Development Bank PLC	894,292,978	742,713,433	Revolving Overdraft facility under the Pooling Arrangement	None
Logistics Park (Private) Limited - Sri Lanka	Commercial Bank Ceylon PLC	24,679,500	36,525,641	Monthly Installments ending in June 2023	Corporate guarantee from Expolanka Freight (Pvt) Ltd
Logistics Park (Private) Limited - Sri Lanka	Commercial Bank Ceylon PLC	22,222,222	-	Repayable in 24 months days from borrowing date	Corporate guarantee from Expolanka Freight (Pvt) Ltd
Tropikal Life International (Private) Limited - Sri Lanka	Amana Bank PLC	160,000,000	160,000,000	Repayable in 90 days from borrowing date	None
Tropikal Life International (Private) Limited - Sri Lanka	Amana Bank PLC	10,583,333	-	Repayable in 24 months days from borrowing date	None
Tropikal Life International (Private) Limited - Sri Lanka	Amana Bank PLC	11,510,130	39,553,656	Repayable in 90 to 180 days from the borrowing date	None
Tropikal Life International (Private) Limited - Sri Lanka	National Development Bank PLC	1,931,526	-	Repayable in 90 days from borrowing date	Corporate guarantee from Expolanka Holdings PLC
		2,052,037,832	1,755,586,542		

	2021 Rs.	2020 Rs.
Non Current portion of bank financing	935,560,993	767,742,920
Short term bank financing	1,059,005,512	975,997,462
Current portion of long term bank financing	57,471,327	11,846,160
	2,052,037,832	1,755,586,542

16.5.2 Terms with related parties

Company	2021 Rs.	2020 Rs.	Repayment	Security
Interest bearing borrowings from SG Holdings Co. Ltd (Japan) - Ultimate Parent				
EFL Global Logistics Pte. Ltd - Singapore	8,570,320,970	3,897,778,901	Revolved Annually	None
EFL Global Logistics Pte. Ltd - Singapore*	290,660,110	-	Equal Bi- Annual Installments ending in 2023 September	None
EFL Global Logistics Pte. Ltd - Singapore	1,126,100,314	1,277,184,834	Bi- Annual Installments ending in 2025 March	None
EFL Global Logistics Pte. Ltd - Singapore	444,460,832	488,168,425	Bi- Annual Installments ending in 2026 March	None
EFL Global Logistics Pte. Ltd - Singapore	1,215,789,714	1,154,196,667	Bi- Annual Installments ending in 2027 March	None
Interest bearing borrowings from SG Holdings Global Pte. Ltd (Japan) - Parent				
EFL Global Logistics Pte. Ltd - Singapore*	-	386,308,991	Equal Bi- Annual Installments ending in 2023 September	None
	11,647,331,940	7,203,637,818		

Non-Current portion of related party borrowings	2,512,299,903	2,921,126,696
Short-term related party borrowings	8,570,320,970	3,897,778,903
Current portion of long term related party borrowings	564,711,067	384,732,219
	11,647,331,940	7,203,637,818

* During the year, the loan arrangement made between EFL Global Logistics Pte. Ltd and SG Holdings Global Pte. Ltd - Singapore was transferred under SG Holdings Co. Ltd - Japan.

16.6 Recurrent related party transactions

Name of the related party entity	Relationship	Nature of transactions	Aggregate value of related party transactions entered into during the financial year	Aggregate value of related party transactions as a % of net revenue of 2019/20 audited financials	Terms and conditions of the related party transactions
SG Holdings Co., Ltd - Japan	Ultimate Parent	Working capital funding for the Group	8,570,320,970	8.30%	Revolving working capital loan, borrowed at LIBOR +0.8% with no security pledged

During the Financial Year, the Group has additionally borrowed USD 39,400,000 (Rs. 7,653,890,453) from SG Holdings Co., Ltd to fund its working capital requirements and repaid back USD 17,000,000 (Rs. 3,302,440,043).

17. RETIREMENT BENEFIT OBLIGATION

	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
As at 1 April 2020		616,995,166	514,217,666	26,994,225	22,958,932
Current service cost	17.1	168,109,909	94,505,661	3,735,655	2,492,421
Finance charge for the year	17.1	47,737,247	74,938,525	2,591,447	2,341,812
Acturial (gain)/loss		16,511,054	27,323,170	(2,623,514)	270,260
Payments during the year		(92,851,101)	(98,083,103)	-	(1,069,200)
Transfers during the year		-	-	12,908,100	-
Acquisition of subsidiaries		-	417,733	-	-
Disposal of subsidiaries		(2,713,704)	(3,477,358)	-	-
Exchange difference		10,735,354	7,152,872	-	-
As at 31st March 2021		764,523,925	616,995,166	43,605,913	26,994,225

17.1 The expenses recognised in the income statement in the following line items:

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Administrative expenses				
Current service cost	168,109,909	94,505,661	3,735,655	2,492,421
Finance charge for the year	47,737,247	74,938,525	2,591,447	2,341,812
	215,847,156	169,444,186	6,327,102	4,834,233

17.2 Accounting judgements , estimates and assumptions

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialists. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The principal assumptions used in determining post employment benefit obligation are shown below:

	Group 2021	Group 2020	Company 2021	Company 2020
Discount rate:	7.01%	9.5% - 9.7%	7.01%	9.6%
Salary increment rate	8%	10%	8%	10%
Expected remaining working life (years)	3.76 - 6.90	4.03 - 6.04	5.44	5.91

17.3 Sensitivity of assumptions used

17.3.1 Group

	Discount rate 2021	Discount rate 2020	Salary increment rate 2021	Salary increment rate 2020
Effect on the defined benefit obligation liability				
Increase by one percentage point	(29,471,577)	(23,642,275)	33,922,599	28,641,113
Decrease by one percentage point	32,003,237	26,276,702	(31,766,569)	(26,207,388)

17.3.2 Company

	Discount rate 2021	Discount rate 2020	Salary increment rate 2021	Salary increment rate 2020
Effect on the defined benefit obligation liability				
Increase by one percentage point	(2,119,400)	(1,393,799)	2,507,808	1,631,098
Decrease by one percentage point	2,362,389	1,535,942	(2,293,934)	(1,506,046)

Sensitivity information of the Group represent the local subsidiaries data.

17.4 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years:

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Less than or equal 1 year	126,337,093	115,889,007	14,842,947	3,743,722
Over 1 year and less than or equal 5 years	298,953,276	186,372,671	9,201,387	10,272,572
Over 5 year and less than or equal 10 years	197,395,565	166,049,323	6,989,381	6,269,416
Over 10 years	141,837,991	148,684,165	12,572,198	6,708,515
Total expected payments	764,523,925	616,995,166	43,605,913	26,994,225

18. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade payables		16,463,881,455	7,888,372,375	5,844,662	13,036,867
Sundry creditors including accrued expenses		4,265,382,812	2,295,598,594	19,465,727	11,522,326
Amounts due to related parties	18.1	61,863,060	12,544,909	29,153,438	36,324,494
		20,791,127,327	10,196,515,878	54,463,827	60,883,687

Trade and other payables are non-interest bearing and are normally settled on 30 - 120 day terms.

18.1 Amounts due to related parties

		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Subsidiaries	18.1.1	-	-	19,088,201	30,323,080
Equity accounted entities	18.1.2	2,957,293	-	-	-
Other ralated parties	18.1.3	58,905,767	12,544,909	10,065,237	6,001,414
		61,863,060	12,544,909	29,153,438	36,324,494

18.1.1 Subsidiaries

Classic Travel (Private) Limited	-	-	18,152,864	8,928,384
EFL Headquarters (Private) Limited	-	-	935,337	21,394,696
	-	-	19,088,201	30,323,080

18.1.2 Equity accounted entities

Joint Ventures				
Globe Air (Private) Limited	451,912	-	-	-
Caliber Global India Pvt Ltd	2,505,381	-	-	-
	2,957,293	-	-	-

18. TRADE AND OTHER PAYABLES (CONTD.)

18.1.3 Other related parties

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Ultimate Parent				
SG Holdings Co., Ltd.	10,181,232	27,123	4,161,687	3,292,564
Parent				
SG Holdings Global Pte. Ltd.	1,843	1,843	2,951,775	2,708,850
Fellow Subsidiaries				
Sagawa Express (H.K.) Co., Ltd.	9,819,457	5,921,987	-	-
Sagawa Express Philippines Inc.	31,582	20,319	-	-
Sagawa Express International Taiwan Corp.	440,297	36,355	-	-
Sagawa Express Vietnam Co.Ltd	3,187	-	-	-
Sagawa Global Logistics Co., Ltd.	3,642,690	11,486	-	-
Sagawa Logistics Korea Co.Ltd	49,429	-	-	-
SG Sagawa (Thailand) Co., Ltd.	4,491,436	1,388,701	-	-
SG Sagawa Ameroid Pte. Ltd.	1,942,266	139,951	-	-
SG Sagawa Vietnam Co., Ltd.	2,316,016	1,109,917	-	-
SGH Global Japan Co., Ltd.	25,986,332	3,887,227	2,951,775	-
	58,905,767	12,544,909	10,065,237	6,001,414

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
19.1 Timing of revenue recognition				
Goods transferred at a point in time	2,133,007,654	3,326,320,480	-	-
Services tenderred over time	216,602,337,576	99,919,350,269	91,915,000	125,040,000
Total revenue from contracts with customers	218,735,345,230	103,245,670,749	91,915,000	125,040,000

19.2 Disaggregation of revenue

The Group presented disaggregated revenue with Group's reportable segments based on the timing of revenue recognition and geographical region in the operating segment information section.

20. OTHER OPERATING INCOME AND GAINS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Bad debts recovery	3,159,925	17,823,771	-	-
Dividend income*	-	-	1,491,039,116	6,823,482
Exchange gain	27,695,842	313,880,700	-	1,096,089
Profit on disposal of property, plant and equipment	7,192,488	1,525,183	15,000	-
Profit on disposal of subsidiaries	92,854,764	-	58,892,762	-
Remeasurement of investment in joint venture	-	-	58,892,762	-
Sundry income	199,070,561	87,921,369	-	7,715,000
	329,973,580	421,151,023	1,608,839,640	15,634,571

*Dividend income in Company financial statements has been reclassified from finance income to other operating income and gains. Further, it includes the dividends received from EFL Headquarters (Private) Limited, Amana Takaful (Maldives) PLC, Globe Air (Private) Limited and Logistics Park (Private) Limited.

21. FINANCE COSTS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Finance charges on bank financing	94,311,032	161,530,632	16,626,543	11,708,679
Finance charges on related party borrowing	162,099,792	152,042,857	-	-
Interest expense on lease liabilities	110,849,720	141,748,083	2,850,349	3,117,414
	367,260,544	455,321,572	19,476,892	14,826,093
Finance charges paid during the year				
Finance charges on bank financing	94,311,032	161,530,632	16,626,543	11,708,679
Finance charges on related party borrowing	162,099,792	152,042,857	-	-
Total finance charges paid as per Cash Flow Statement	256,410,824	313,573,489	16,626,543	11,708,679
Lease Interest on operating leases	110,849,720	141,748,083	2,850,349	3,117,414
Total finance costs	367,260,544	455,321,572	19,476,892	14,826,093

22. FINANCE INCOME

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Investment income	54,268,600	80,654,018	17,462	30,159
Dividend income	5,057,162	2,388,858	-	-
	59,325,762	83,042,876	17,462	30,159

NOTES TO THE FINANCIAL STATEMENT

23. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Included in cost of sales				
Depreciation				
Depreciation expense of property, plant and equipment	42,456,134	38,215,513	-	-
Depreciation expense of right-of-use assets	200,621,618	193,850,980	-	-
Expense relating to leases of low-value assets and short term leases	-	2,415,710	-	-
Included in administrative expenses				
Employees benefits including the following				
Defined benefit plan costs - Gratuity	215,847,156	169,444,186	6,327,102	4,834,233
Defined contribution plan costs - EPF and ETF	617,949,911	655,204,657	10,451,981	8,585,355
Depreciation				
Depreciation expense of property, plant and equipment	444,786,860	391,241,252	11,106,442	10,773,270
Depreciation expense of right-of-use assets	1,381,777,325	1,053,543,860	23,462,680	22,269,660
Directors' emoluments	1,981,682,732	719,847,658	47,053,357	55,506,775
Auditors' remuneration (fees and expenses)	105,133,728	94,987,990	4,300,000	4,314,060
Donations	28,988,209	31,013,546	-	-
Expense relating to leases of low-value assets and short term leases	180,350,167	53,492,546	-	-
Settlement of dispute between Expolanka Group and RCS Logistics	-	1,230,812,105	-	-
Provision for assets held for sale	274,883,413	-	-	-
Included in selling and distribution costs				
Advertising costs	42,012,459	68,079,098	501,660	1,212,667
Allowances for expected credit losses	975,496,457	347,385,539	-	-

23.1. Depreciation of property, plant and equipment and right of use assets as per Cash Flow Statement

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Total depreciation expense of property, plant and equipment				
Included in cost of sales	42,456,134	38,215,513	-	-
Included in administrative Expenses	444,786,860	391,241,252	11,106,442	10,773,270
	487,242,994	429,456,765	11,106,442	10,773,270
Total depreciation expense of right-of-use assets				
Included in cost of sales	200,621,618	193,850,980	-	-
Included in administrative Expenses	1,381,777,325	1,053,543,860	23,462,680	22,269,660
	1,582,398,943	1,247,394,840	23,462,680	22,269,660
Total Depreciation of property, plant and equipment and right of use assets as per Cash Flow Statement	2,069,641,937	1,676,851,605	34,569,122	33,042,930

23.2. Total expense relating to leases of low-value assets and short term leases:

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Included in cost of sales	-	2,415,710	-	-
Included in administrative Expenses	180,350,167	53,492,546	-	-
	180,350,167	55,908,256	-	-

24. INCOME TAX EXPENSE

		Group		Company	
		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Current income tax	24.1				
Current tax expense on ordinary activities for the year		1,659,136,259	622,263,665	-	-
Under Provision of current taxes in respect of prior years		38,037,694	9,527,879	-	7,854,610
Withholding tax on inter-company dividends		5,827,835	59,326,090	-	-
Deferred income tax	24.2				
Deferred taxation charge		1,926,405	26,920,723	-	-
		1,704,928,193	718,038,357	-	7,854,610

24.1 Current income tax

24.1.1 A reconciliation between tax expense and the product of accounting profit /(loss)

	Group 2021	Group 2020	Company 2021	Company 2020
Accounting profit before income tax	16,584,946,940	280,102,008	1,439,108,568	(164,207,528)
Exempt income	(6,718,683,674)	(162,671,058)	(1,897,883,305)	(6,823,482)
Aggregate disallowable items	2,241,439,158	1,030,702,278	168,159,542	162,968,998
Aggregate allowable expenses	(732,270,915)	(448,217,985)	(30,812,829)	(27,955,051)
Aggregate allowable income	(46,550,000)	(104,342,762)	-	-
Tax loss utilised	349,960,246	286,364,092	289,041,206	-
Taxable profit/(loss)	11,678,841,755	881,936,573	(32,386,818)	(36,017,063)
Income tax expense on local operations	237,435,838	123,524,658	-	-
Income tax on international operations	1,421,700,421	498,739,007	-	-

24.1.2 Tax losses carried forward

	Group 2021	Group 2020	Company 2021	Company 2020
Tax losses brought forward	(955,897,112)	(1,561,612,151)	(442,301,093)	(406,284,029)
Tax losses incurred during the year	(338,607,548)	(320,837,016)	(32,386,818)	(36,017,064)
Tax loss utilised	349,960,246	286,364,092	289,041,206	-
Tax loss readjustment	(498,802,941)	640,187,963	2,619,101	-
Tax losses carried forward	(1,443,347,355)	(955,897,112)	(183,027,604)	(442,301,093)
Statutory income tax rates - Local subsidiaries	14% - 24%	10% - 28%		

24.2 Deferred income tax

24.2.1 Deferred taxation charge/(reversal) Included under income statement

	Group 2021	Group 2020	Company 2021	Company 2020
Accelerated depreciation for tax purposes	4,064,807	40,999,463	-	-
Employee benefit Liability	(11,781,292)	(7,216,670)	-	-
Losses available for offset against future taxable income	(28,217,063)	17,623,260	-	-
Unclaimed right of use rental	6,948,907	25,236,346	-	-
Impairment of doubtful debts	(218,297)	-	-	-
Foreign exchange loss	3,458,740	-	-	-
Interest receivable and interest expense of unremitted interest income	7,972,392	-	-	-
Others	19,698,211	(49,721,676)	-	-
	1,926,405	26,920,723	-	-

24.2.1 Included under other comprehensive income statement

	Group 2021	Group 2020	Company 2021	Company 2020
Employee benefit liability	-	(6,767,889)	-	-
	-	(6,767,889)	-	-

NOTES TO THE FINANCIAL STATEMENT

24. INCOME TAX EXPENSE (CONTD.)

24.2.2 Deferred income tax assets

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
As at 1 April 2020	146,784,043	186,779,308	-	-
Charge (release) to income statement	17,874,380	(26,708,230)	-	-
Charge (release) to OCI statement	-	6,767,889	-	-
Disposal of subsidiary	(12,204,505)	(15,364,151)	-	-
Exchange difference	17,842,199	(4,690,773)	-	-
As at 31st March 2021	170,296,117	146,784,043	-	-
The closing deferred tax asset balance relate to following;				
Accelerated depreciation for tax purposes	(32,642,115)	(34,921,326)	-	-
Employee benefit Liability	63,081,627	51,621,936	-	-
Losses available for offset against future taxable income	96,263,011	68,045,948	-	-
Unclaimed right of use rental	241,005	7,216,670	-	-
Others	43,352,589	54,820,815	-	-
	170,296,117	146,784,043	-	-

Expolanka Holdings PLC has not recognised net deferred tax asset as at 31 March 2021 due to the Company being unable to assess with reasonable certainty that taxable profits would be available to recover the asset in the foreseeable future, against which the tax losses amounting to Rs. 183,027,604/- (2020 - Rs. 442,301,093/-) can be utilised.

24.2.3 Deferred income tax liabilities

	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
As at 1 April 2020	728,696	482,305	-	-
Charge or release to income statement	19,800,785	212,493	-	-
Exchange difference	399,229	33,898	-	-
As at 31st March 2021	20,928,710	728,696	-	-
The closing deferred tax asset and liability balance relate to following;				
Accelerated depreciation for tax purposes	6,344,018	-	-	-
Employee benefit Liability	(321,601)	-	-	-
Unclaimed right of use rental	(26,758)	-	-	-
Impairment of doubtful debts	(218,297)	-	-	-
Foreign exchange loss	3,458,740	-	-	-
Interest receivable and interest expense of unremitted interest income	7,972,392	-	-	-
Others	3,720,216	728,696	-	-
	20,928,710	728,696	-	-

The Group has determined that the undistributable profit of its subsidiaries, joint ventures or associates will not be distributed in foreseeable future.

25. EARNINGS/(LOSS) PER SHARE

Basic Earnings / (loss) per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted Earnings / (loss) per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for outstanding share options) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Number of ordinary shares used as the denominator:				
Opening balance	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000
Weighted average number of ordinary shares	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000
25.1 Basic earnings/(loss) per share				
Profit/(loss) attributable to ordinary shareholders for basic earnings/(loss) per share	14,830,187,824	(736,557,808)	1,439,108,568	(172,062,139)
Weighted average number of ordinary shares	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000
Basic earnings/(loss) per share	7.59	(0.38)	0.74	(0.09)
25.2 Diluted earnings/(loss) per share				
Profit/(loss) attributable to ordinary shareholders for basic earnings/(loss) per share	14,830,187,824	(736,557,808)	1,439,108,568	(172,062,139)
Adjusted weighted average number of ordinary shares	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000
Diluted earnings/(loss) per share	7.59	(0.38)	0.74	(0.09)

26. DIVIDEND PER SHARE

	2021		2020	
	Per share Rs.	Amount Rs.	Per share Rs.	Amount Rs.
Declared and paid during the year				
Interim dividend	0.50	977,457,500	-	-

27. FAIR VALUE MEASUREMENT

Set out below is a comparison by class of the carrying amounts and fair values of the Group that are carried in the financial statements.

27.1 Financial assets

27.1.1 Group

		Financial assets at amortised cost		Financial assets at fair value through OCI	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Financial instruments in non-current assets					
Other financial assets	8.1.	12,013,919	-	717,921	2,621,551
Financial instruments in current assets					
Trade and other receivables	11.	49,223,750,894	18,416,014,782	-	-
Other financial assets	8.2.	341,756,732	159,645,640	-	-
Cash and short-term deposits	12.	7,610,756,231	7,156,046,860	-	-

27.1.2 Company

		Financial assets at amortised cost		Financial assets at fair value through OCI	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Financial instruments in current assets					
Trade and other receivables	11.	272,991,196	307,271,678	-	-
Other financial assets	8.2.	1,408,002	402,647	-	-
Cash and short-term deposits	12.	631,106,637	22,470,893	-	-

27.2 Financial liabilities

Note		Financial liabilities measured at amortised cost			
		Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Financial instruments in non-current liabilities					
Financing and lease payables	16.2.	5,532,778,654	5,468,961,993	899,157,734	752,762,369
Financial instruments in current liabilities					
Financing and lease payables	16.1.	12,854,627,585	6,726,988,712	24,732,281	12,278,314
Trade and other payables	18.	20,791,127,327	10,196,515,878	54,463,827	60,883,687

The Management assessed that the fair value of cash and cash equivalents , trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

28. SEGMENT INFORMATION

28.1

Operating segment	Logistics 2021 Rs.	Logistics 2020 Rs.	Leisure 2021 Rs.	Leisure 2020 Rs.	Investments 2021 Rs.	Investments 2020 Rs.	Total 2021 Rs.	Total 2020 Rs.
Property, plant and equipment	2,668,376,901	2,633,817,204	46,341,480	48,650,746	698,610,963	722,892,870	3,413,329,344	3,405,360,820
Right of use assets	3,560,102,390	2,820,619,771	51,349,184	75,144,126	106,201,201	127,148,963	3,717,652,775	3,022,912,860
Intangible assets	150,337,713	198,080,884	15,657,607	34,376,704	5,695,299	6,864,009	171,690,619	239,321,597
Other financial assets	12,731,840	2,621,551	-	-	-	-	12,731,840	2,621,551
Deferred tax assets	131,961,606	127,069,087	25,630,404	8,066,191	12,704,107	11,648,765	170,296,117	146,784,043
Other non-current assets	-	308,972,775	-	-	-	-	-	308,972,775
Segment non-current assets	6,523,510,450	6,091,181,272	138,978,675	166,237,767	823,211,570	868,554,607	7,485,700,695	7,125,973,646
Investments in equity accounted investees							288,160,986	164,272,697
Goodwill							867,722,754	437,649,226
Total non-current assets							8,641,584,435	7,727,895,569
Inventories	10,866,475	7,779,459	-	-	138,044,608	144,685,275	148,911,083	152,464,734
Trade and other receivables	71,071,422,357	25,920,403,953	416,886,471	1,178,739,077	4,079,103,331	6,907,419,701	75,567,412,159	34,006,562,731
Prepayments and other assets	1,561,609,184	1,394,235,175	130,360,921	136,237,295	177,216,525	147,415,599	1,869,186,630	1,677,888,069
Other financial assets	295,380,736	114,017,629	40,056,591	40,190,592	7,318,737	5,437,419	342,756,064	159,645,640
Income tax recoverable	346,592,765	456,829,377	777,308	1,165,029	-	-	347,370,073	457,994,406
Cash and bank balances	6,811,268,989	7,085,056,256	164,964,941	6,060,244	634,522,301	64,930,360	7,610,756,231	7,156,046,860
Segment current assets	80,097,140,506	34,978,321,849	753,046,232	1,362,392,237	5,036,205,502	7,269,888,354	85,886,392,240	43,610,602,440
Eliminations / adjustments							(26,343,661,265)	(15,590,547,949)
Total current assets							59,542,730,975	28,020,054,491
Assets held for sale							-	274,883,413
Total assets							59,542,730,975	28,294,937,904
Financing and lease payables	4,534,300,696	4,516,895,774	42,404,653	46,063,861	981,073,305	906,002,358	5,557,778,654	5,468,961,993
Deferred income tax liabilities	20,928,710	728,696	-	-	-	-	20,928,710	728,696
Retirement benefit obligation	561,191,734	423,222,782	89,248,203	113,765,513	114,083,988	80,006,871	764,523,925	616,995,166
Segment non-current liabilities	5,116,421,140	4,940,847,252	131,652,856	159,829,374	1,095,157,293	986,009,229	6,343,231,289	6,086,685,855
Eliminations / adjustments							(25,000,000)	-
Total non-current liabilities							6,318,231,289	6,086,685,855
Financing and lease payables	11,547,073,234	5,694,369,955	166,526,767	216,534,080	1,141,027,584	816,084,677	12,854,627,585	6,726,988,712
Trade and other payables	37,160,124,208	14,609,785,889	152,115,861	417,426,522	152,115,861	1,329,310,096	37,464,355,930	16,356,522,507
Income tax liabilities	837,694,398	178,502,713	1,001,414	3,598,317	1,041,100	-	839,736,912	182,101,030
Segment current liabilities	49,544,891,840	20,482,658,557	319,644,042	637,558,919	1,294,184,545	2,145,394,773	51,158,720,427	23,265,612,249
Eliminations / adjustments							(16,673,228,603)	(6,160,006,629)
Total current liabilities							34,485,491,824	17,105,605,620
Total liabilities							40,803,723,113	23,192,291,475
Total segment assets	86,620,650,956	41,069,503,121	892,024,907	1,528,630,004	5,859,417,072	8,138,442,961		
Total segment liabilities	54,661,312,980	25,423,505,809	451,296,898	797,388,293	2,389,341,838	3,131,404,002		

Inter company investments made by the Group of companies have not been considered for the calculation of segment assets.

Inter segment receivable and payable balances are eliminated on consolidation.

28. SEGMENT INFORMATION (CONTD.)

28.2

Operating segment	Logistics 2021 Rs.	Logistics 2020 Rs.	Leisure 2021 Rs.	Leisure 2020 Rs.
Timing of revenue recognition				
Goods transferred at a point in time	-	-	-	-
Services tenderred over time	216,516,088,360	98,731,986,697	314,437,030	1,261,871,195
	216,516,088,360	98,731,986,697	314,437,030	1,261,871,195
Cost of sales	(178,412,387,153)	(80,869,401,114)	(51,584,437)	(215,005,298)
Other operating income and gains	126,422,202	372,250,655	10,872,892	13,738,014
Depreciation and amortisation	(1,998,070,157)	(1,605,703,346)	(48,914,989)	(60,526,889)
Overhead	(18,771,749,805)	(15,985,951,445)	(493,984,919)	(904,652,252)
Finance costs	(246,425,833)	(332,469,171)	(7,055,031)	(47,401,819)
Finance income	59,308,300	83,012,718	-	-
Share of result of equity accounted investees (net of tax)	-	-	-	-
Profit before tax	17,273,185,914	393,724,994	(276,229,454)	48,022,951
Income tax expense	(1,704,928,193)	(684,172,904)	-	(30,047,717)
Profit for the year	15,568,257,721	(290,447,910)	(276,229,454)	17,975,234

Inter-segment revenues are eliminated on consolidation.

28.3 Segments based on geographical location

	2021			2020		
	Timing of revenue recognition			Timing of revenue recognition		
	Goods transferred at a point in time Rs.	Services tenderred over time Rs.	Non current assets* Rs.	Goods transferred at a point in time Rs.	Services tenderred over time Rs.	Non current assets* Rs.
Bangladesh	-	-	-	-	7,914,977,927	-
China	-	12,932,261,575	307,382,527	-	3,265,458,938	158,208,071
Hong Kong	-	5,573,964,221	354,680,237	-	3,206,026,158	463,286,625
India	-	18,107,827,403	931,019,090	-	15,062,052,750	1,141,669,077
Indonesia	-	6,301,016,291	27,332,099	-	5,592,117,773	71,246,067
Sri Lanka	2,133,007,654	14,588,311,460	3,318,471,850	3,218,966,273	9,221,892,225	3,607,997,922
UAE	-	2,700,637,763	28,616,942	-	3,748,523,764	6,702,090
USA	-	138,038,422,962	1,840,678,903	-	35,612,427,162	1,317,981,233
Vietnam	-	6,365,877,568	224,527,196	-	9,688,782,613	51,114,970
Others	-	11,994,018,333	269,963,894	-	6,714,445,167	158,361,997
Total	2,133,007,654	216,602,337,576	7,302,672,738	3,218,966,273	100,026,704,477	6,976,568,052

* excluding goodwill, financial assets and deferred tax asset

Investments		Eliminations / adjustments		Total	
2021	2020	2021	2020	2021	2020
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,133,007,654	3,218,966,273	-	-	2,133,007,654	3,218,966,273
333,118,056	397,271,465	(561,305,870)	(364,424,881)	216,602,337,576	100,026,704,476
2,466,125,710	3,616,237,738	(561,305,870)	(364,424,881)	218,735,345,230	103,245,670,749
(1,840,456,602)	(2,978,581,591)	-	-	(180,304,428,192)	(84,062,988,003)
1,608,729,232	52,518,597	(1,416,050,746)	(17,356,243)	329,973,580	421,151,023
(110,101,566)	(77,883,077)	-	-	(2,157,086,712)	(1,744,113,312)
(1,103,207,262)	(715,248,157)	595,726,950	367,369,099	(19,773,215,036)	(17,238,482,755)
(78,529,484)	(83,039,124)	(35,250,196)	7,588,542	(367,260,544)	(455,321,572)
17,462	30,158	-	-	59,325,762	83,042,876
-	-	62,292,852	31,143,002	62,292,852	31,143,002
942,577,490	(185,965,456)	(1,354,587,010)	24,319,519	16,584,946,940	280,102,008
-	(3,817,736)	-	-	(1,704,928,193)	(718,038,357)
942,577,490	(189,783,192)	(1,354,587,010)	24,319,519	14,880,018,747	(437,936,349)

29. RELATED PARTY DISCLOSURES

The Group/Company carried out transactions in the ordinary course of business with the following related entities at an arms length transaction. The list of directors at each of the subsidiary, joint venture and associate companies have been disclosed in the Group directory. Further information relating to Related Party Borrowings are listed out under Corporate Governance section on page 92 and in note 16.5.2 - Terms with Related Parties on page 163.

29.1 Transactions with related entities

	Group		Company	
For the year ended 31 March 2021	**2021 Rs.**	**2020 Rs.**	**2021 Rs.**	**2020 Rs.**
29.1.1 Subsidiaries				
Rendering of services	-	-	91,915,000	125,040,000
Receiving of services	-	-	(31,862,739)	(8,150,566)
Dividends received	-	-	1,473,791,546	-
Settlements	-	-	1,631,375,106	136,755,463
29.1.2 Equity accounted entities				
Associate				
Dividends received	8,623,785	6,823,482	8,623,785	6,823,482
29.1.3 Other ralated parties				
Ultimate Parent				
Rendering of services	1,194,218	10,812,779	-	-
Secondment fees	(14,327,684)	(16,450,507)	(14,327,684)	(16,450,507)
Director fees	(6,253,357)	-	(6,253,357)	-
Settlements	-	-	16,419,354	10,495,019
Interest cost	(162,121,854)	(152,042,857)	-	-
Loan repayment	(3,311,128,712)	-	-	-
Loans obtained	7,653,890,453	4,017,006,024	-	-
Parent				
Rendering of services	-	8,684	-	-
Director Fees	(3,600,000)	(12,600,000)	(3,600,000)	(12,600,000)
Rent paid	(5,261,130)	-	-	-
Settlements	-	-	-	5,293,164
Loan repayment	(386,308,991)	(106,366,479)	-	-
Dividends paid	(739,125,602)	-	(739,125,602)	-
Fellow Subsidiaries				
Rendering of services	87,095,767	101,567,569	-	-
Receiving of services	-	(2,565,570)	-	-
Director fees	(3,600,000)	-	(3,600,000)	-
29.1.4 Key management personnel (KMP)	-	-	-	-
29.1.5 Close family members of KMP	-	-	-	-
29.1.6 Companies controlled/jointly controlled/significantly influenced by KMP and their close family members	-	-	-	-

29.2. Compensation of key management personnel

For the year ended 31 March 2021	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Short-term employee benefits	(1,981,682,732)	(719,847,658)	(47,053,357)	(55,506,775)
Post employment benefits	-	-	-	-
Termination benefits	-	-	-	-

Key management personnel include members of the Board of Directors of Expolanka Holdings PLC and its subsidiary companies.

30. ASSETS PLEDGED

Assets pledged for facilities obtained is given in note 16.5. to the financial statements.

31. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that required adjustments to or disclosure in the financial statements.

32. COMMITMENTS AND CONTINGENCIES

32.1. Group

32.1.1 Income Tax Assessment on SG Logistics (Pvt) Ltd for Y/A 2011/12 & 12/13

The Company has filed an appeal at Tax Appeal Commission (TAC) against IT assessments for 2011/12 & 12/13 relating to exemptions claimed under the section 13 ddd of Inland Revenue Act on income received in foreign currency. Having discussed with independent legal and tax experts and based on information available, the contingent liability as at 31 March 2021 is estimated at Rs. 40 Mn. Accordingly, the company had paid Rs.13 Mn income tax in 2020 with the dismissal of appeal by TAC stated hereafter. The company has therefore acknowledged with the determination of income for the above tax appeal received by the TAC as the Company is not entitled to the exemption claimed under section 13(ddd). However, the Company has made a request to transmit the case stated to the courts of appeal for further assessment. The above court of appeal case was mentioned on 17th of March 2021 to ascertain whether the Tax Appeal Briefs are in order. However, due to the prevailing situation of the country, the matters concerneing were re-fixed to a later date since respondents were requested for further time to refer the tax appeal briefs.

32.1.2 Pulsar Shipping Agencies (Pvt) Ltd assessment for Y/A 13/14

The Company received as assessment for Y/A 13/14 from the Department of Inland Revenue for exemptions claimed under the section 13 ddd of Inland Revenue Act on income received in foreign currency. The Company has filed appeals against these assessments with the Inland Revenue Department. Having discussed with independent legal and tax experts and based on information available, the contingent liability as at 31 March 2017 is estimated at LKR 17Mn and is currently at the Tax Commissioner second hearing stage at Appeal branch. Two written submission was given by Tax Consultants based on the request by the commissioner explaining the nature of income and commission and how current income generated is in line with the 13ddd Act. Another assessment was issued during the current year relating to the same exemptions claimed for the period 14/15 for LKR 11Mn for which a tax appeal has been made by the Company and a reply is pending from the assessor.

NOTES TO THE FINANCIAL STATEMENT

32. COMMITMENTS AND CONTINGENCIES (CONTD.)

32.1.4 Contingent liabilities

The Group has given corporate guarantees to the following parties on behalf of the group companies to obtain finance facilities. Based on the information currently available, Directors do not expect a Liabilities to arise from this guarantee.

	2021 Rs.	2020 Rs.
Institution		
Sampath Bank PLC	19,500,000	20,950,000
Standard Chartered Bank	178,079,687	105,460,194
National Development Bank PLC	43,034,983	102,002,924
Others	155,000,000	549,000,000
	395,614,670	777,413,118

32.1.5 Capital Expenditure Commitments

The Group does not have significant capital commitments as at the reporting date.

32.2 Company

The Company does not have significant capital commitments as at the reporting date.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities primarily comprise of short term borrowings for working capital requirements, long term borrowings for project financing and strategic investments , trade and other payables, and trade and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations, acquire strategic assets and to provide guarantees to support its operations. The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds available – for – sale investments.

The Group is exposed to market risk, credit risk and liquidity risk.

The Board of Directors and Group's senior management oversee the management of these risks. Further they review and agree policies for managing each of these risks, which are summarised below.

33.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: finance rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include: loans and borrowings, deposits and available for sale investments.

33.2 Finance rate risk

Finance rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The rates applied to Group's long-term and short-term borrowings are fixed periodically. The Group manages its finance rate risk by aggressively negotiating rates for short and long term borrowings and having a portfolio of facilities from various financial institutions which gives avenues to use the facility based on competitive rates. As the majority of the Group's revenue is generated in USD, this helps the Group in securing short and long-term borrowings in USD at competitive rates.

Finance rate sensitivity

The finance rate sensitivity determines the impact of a change in the finance rate to the Group's profit before tax.

The table demonstrates the sensitivity to a reasonable possible change in interest rates with all other variables hold constant of the Group and profit before tax through the impact of floating rate borrowings.

	Increase/ (decrease) in basis points		Effect on profit before tax	
	Rupee borrowings	Other currency borrowings	Group	Company
			Rs.	Rs.
2021	+100	+100	(128,156,280.62)	-
	-100	-100	128,156,280.62	-
2020	+100	+100	(95,929,459.14)	-
	-100	-100	95,929,459.14	-

33.3 Equity price risk

The Group's unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities.

At the reporting date, the Groups exposure to non-quoted equity securities at carrying value was Rs. 717,921 (2020 - Rs. 2,621,551).

33.4 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a robust policy to assess the creditworthyness of the parties it transact with. The parties who aspire to trade in credit terms have to go through a credit verification process. The Group also has continuous dialogue with the respective parties to monitor the receivables position.

Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Following table shows the maximum risk positions.

2021	Deposits with bank Rs.	Trade and other receivables Rs.	Amounts due from related parties Rs.	Cash in hand and at Bank Rs.	Total credit risk exposure Rs.
Non-current financial assets	12,013,919	-	-	-	12,013,919
Cash in hand and at bank	-	-	-	7,610,756,231	7,610,756,231
Trade and other receivables	-	49,089,439,347	-	-	49,089,439,347
Short term investments	999,332	-	-	-	999,332
Amounts due from related parties	-	-	134,311,547	-	134,311,547
Total	13,013,251	49,089,439,347	134,311,547	7,610,756,231	56,847,520,376
Total % of allocation	0.02%	86.35%	0.24%	13.39%	100.00%

2020	Deposits with bank Rs.	Trade and other receivables Rs.	Amounts due from related parties Rs.	Cash in hand and at Bank Rs.	Total credit risk exposure Rs.
Non-current financial assets	-	-	-	-	-
Cash in hand and at bank	-	-	-	7,156,046,860	7,610,756,231
Trade and other receivables	-	18,400,000,094	-	-	18,320,908,194
Short term investments	-	-	-	-	-
Amounts due from related parties	-	-	16,014,688	-	16,014,688
Total	-	18,400,000,094	16,014,688	7,156,046,860	25,947,679,113
Total % of allocation	0.00%	70.91%	0.06%	27.58%	100.00%

Cash in hand and bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counter-parties and within credit limits assigned to each counter-party.

Trade and Other receivable

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.

An impairment analysis is performed at each reporting date using a provision matrix (simplified approach) to measure expected credit losses. The Group has received all the dues within agreed credit period in the past without any delays. The management also considered the local and global economic indicators and the results of negotiations and subsequent cash receipts in determining the provision for impairment.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	0 - 180 days	181 - 360 days	> 360 days	Total
Expected credit loss rate	28%	8%	100%	
Estimated total gross carrying amount at default	2,204,478,961	1,067,799,606	596,992,490	3,869,271,057
Expected credit loss	618,320,674	89,600,253	596,992,490	1,304,913,417

Refer Note 11. for analysis of debtors.

33.5 Liquidity risk

The Group manages liquidity risk exposure through effective working capital management. The Company also has guidelines in place to ensure that the short term and medium term liquidity is managed at acceptable levels.

The table below summarises the maturity profile of groups financial liabilities based on contractual undiscounted payments.

Year ended 31 March 2021	On Demand Rs.	Less than 1 year Rs.	1-5 year Rs.	Above 5 year Rs.	Total Rs.
Bank financing	-	1,116,476,839	935,560,993	-	2,052,037,832
Related party borrowing	-	9,135,032,037	2,512,299,903	-	11,647,331,940
Leases	-	1,423,959,117	2,061,891,668	23,026,090	3,508,876,875
Trade and other payables	20,791,127,327	-	-	-	20,791,127,327

Year ended 31 March 2020	On Demand Rs.	Less than 1 year Rs.	1-5 year Rs.	Above 5 year Rs.	Total Rs.
Bank financing	-	987,843,622	767,742,920	-	1,755,586,542
Related party borrowing	-	4,282,511,122	2,325,107,107	596,019,589	7,203,637,818
Leases	-	954,653,432	1,663,611,017	116,481,360	2,734,745,809
Trade and other payables	10,196,515,878	-	-	-	10,196,515,878

33.6 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of the business. The Group's objectives when managing capital are to;

(i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders, and
(ii) Maintain an optimal capital structure to reduce the cost of capital.

Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio at minimum level. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENT

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

	Note	2021 Rs.	2020 Rs.
Financing and lease payables	16	18,387,406,239	12,195,950,705
Trade and other payables	18	20,791,127,327	10,196,515,878
		39,178,533,566	22,392,466,583
(Less)			
Cash and cash equivalents	12	7,610,756,231	7,156,046,860
Net debt		31,567,777,335	15,236,419,723
Equity as shown in the statement of financial position		27,380,592,297	12,830,541,998
Total equity and net debt		58,948,369,632	28,066,961,721
Gearing ratio		53.55%	54.29%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020.

33.7 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk through natural hedging mechanism where it has implemented techniques of leading and lagging of FOREX transactions, SWAP & forward contracts.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD Rate	Effect on profit before tax Rs.	Effect on profit after tax Rs.
2021	+5%	733,855,814	554,344,836
	-5%	(733,855,814)	(554,344,836)
2020	+5%	237,310,930	181,799,045
	-5%	(237,310,930)	(181,799,045)

34. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

34.1 Proportion of equity interest held by non-controlling interests:

Company name	Country of incorporation and operation	2021	2020
Expolanka Freight (Vietnam) Limited	Vietnam	1%	49%
PT Expo Freight Indonesia	Indonesia	10%	10%
AVS Cargo Management Services (Private) Limited	India	49%	49%

34.2 Accumulated balances of material non-controlling interest

	2021 Rs.	2020 Rs.
Expolanka Freight (Vietnam) Limited	12,731,023	8,857,083
PT Expo Freight Indonesia	133,546,038	104,536,218
AVS Cargo Management Services (Private) Limited	94,987,000	73,297,874
Accumulated material non - controlling interest	241,264,061	186,691,175
Profit allocated to material non - controlling interest	52,972,894	279,730,630

34.3 The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

34.3.1 Summarised statement of profit or loss

	2021 Rs.	2020 Rs.
Revenue from contracts with customers	25,215,952,960	46,649,009,724
Operating costs	(24,390,316,928)	(45,481,834,355)
Finance costs	(5,688,660)	(27,276,264)
Profit before tax	819,947,372	1,139,899,105
Income tax expense	(220,976,507)	(343,779,980)
Profit for the year	598,970,865	796,119,125
Total comprehensive income	-	-
Attributable to non-controlling interests	52,972,894	279,730,632
Dividends paid to non-controlling interests	-	-

34. MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTD.)

34.3.2 Summarised statement of financial position

	2021 Rs.	2020 Rs.
Current assets	8,987,243,541	7,630,102,436
Non-current assets	299,242,196	647,356,827
Total assets	9,286,485,737	8,277,459,263
Current liabilities	6,269,168,692	3,398,293,726
Non-current liabilities	214,903,300	32,207,543
Total liabilities	6,484,071,992	3,430,501,269
Total equity	2,802,413,745	4,846,957,994
Attributable to:		
Equity holders of parent	2,561,149,684	4,660,266,819
Non-controlling interest	241,264,061	186,691,175

34.3.2 Summarised cash flow information

	2021 Rs.	2020 Rs.
Operating	58,229,848	450,976,758
Investing	(12,955,011)	(561,662,385)
Financing	(78,432,426)	(1,684,219)
Net increase / (decrease) in cash and cash equivalents	(33,157,589)	(112,369,846)

35. ACQUISITION OF SUBSIDIARIES

On 01 March 2021, the Group acquired 100% of the equity interest of Seville Container Freight Station Inc, Seville Freight Systems Inc and Seville Transfer Ltd which are non-listed companies based in United States of America (USA). Seville is a Bonded Container Freight Station (CFS) and a Bonded Trucking company located in the strategically important John F. Kennedy Airport in the USA.

Assets acquired and liabilities assumed

The aggregate fair values of the identifiable assets and liabilities of above companies as at the date of acquisition were:

	Note	Fair value recognised on acquisition Rs.
Assets		
Property, plant & equipment	3.1.5	16,424,691
Other non current assets		104,762,107
Trade and other receivables		15,755,439
Other current assets		49,652,071
Income tax receivable		21,095,745
Cash & bank balances		33,738,510
		241,428,563
Liabilities		
Trade and other payables		191,265,362
Bank overdraft		52,464,615
		243,729,977
Net Assets		(2,301,414)
Goodwill		430,073,528
Purchase consideration		427,772,114
Analysis of cash flows on acquisition:		
Transaction costs of the acquisition (included in cash flows from operating activities)		-
Net cash acquired with the subsidiary (included in cash flows from investing activities)		(446,498,219)
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)		-
Net cash flow on acquisition		(446,498,219)

36. DISPOSAL OF SUBSIDIARIES

During the year the Group has disposed the total investment of 75.5% in Union Cargo Private Limited - Pakistan and 50% of the total investment in Globe Air (Private) Limited - Sri Lanka. Remaining 50% stake of Globe Air (Private) Limited has been recognized as investment in Joint Venture and carrying value of the investment was remeasured at the date of disposal.

The aggregated financial information as at the disposal date were as follows:

	Note	2021 Rs.
Assets		
Property, plant and equipment	3.1.6	1,422,508
Right of use assets	4.6	3,346,367
Deferred tax assets	24.2.2	12,204,505
Other non current asset		1,139,303
Trade and Other receivables		65,147,367
Cash and Cash Equivalent		46,906,349
Other current asset		34,290,578
		164,456,977
Liabilities		
Retirement benefit obligation	17	2,713,704
Financing and lease payables	16.3.1	648,018
Trade and other payables		105,361,903
		108,723,625
Net identifiable assets and liabilities		55,733,352
Non-controlling interests		13,588,116
Profit on disposal of subsidiaries		92,854,764
Cash consideration		67,500,000

GROUP REAL ESTATE PORTFOLIO

Owning Company & Location	Number of Buildings	Buildings in SQ.FT	Free Hold Land in Perches	Net Book Value March-2021
Properties in Colombo				
Expolanka (Private) Limited		-	23.50	108,581,250
No 10, Mile post Avenue, Kollupitiya , Colombo 3				
EFL Hub (Private) Limited	1	5,942	-	84,636,803
No 10, Mile post Avenue, Kollupitiya , Colombo 3				
Properties Outside Colombo				
Expolanka Freight (Private) Limited	2	20,881	302.75	255,607,235
No 69, Ramyaweera Mawatha, Kittampahuwa, Wellampitiya				
Expolanka Freight (Private) Limited		-	30.97	14,736,910
No 73/2, Ramyaweera Mawatha, Kittampahuwa, Wellampitiya				
Expolanka (Private) Limited	1	8,500	160.00	14,956,165
Kanomoolai, 10 mile post, Pubudugama, Madurankuli, Puttalam				
Expolanka (Private) Limited	1	135,609	555.26	996,719,340
No 390, Avisawella Road, Orugodawatte, Wellampitiya				
Pulsar Shipping Agencies (Private) Limited	1	1,200	15.75	5,780,300
2/24th Portion of Bogahawatta, Galu Piyadda, Galle				
EFL Global Freeport (Private) Limited*	1	240,000	-	206,767,953
Lot No. 117, Spur Road 3, Phase 1, Export Processing Zone (EPZ), Katunayake, Sri Lanka				
				1,687,785,955

* The property located at No. 117, Spur Road 3, Phase 1, Export Processing Zone (EPZ), Katunayake, Sri Lanka is owned by EFL Global Freeport (Private) Limited through a long term lease

FIVE YEAR SUMMARY

31st March In Rs. Millions	2020/21	2019/20	2018/19	2017/18	2016/17
OPERATING RESULTS					
Group Revenue	218,735	103,246	95,455	77,533	63,492
Share of results of associates	62	31	60	44	22
EBIT	16,952	735	3,313	1,901	2,096
Finance Expenses	(367)	(455)	(240)	(232)	(403)
Profit before tax	16,585	280	3,073	1,669	1,692
Tax expenses	(1,705)	(718)	(1,164)	(708)	(464)
Profit after tax	14,880	(438)	1,909	962	1,229
Attributable to:					
Non Controlling Interest	50	299	461	251	274
Equity holders of the parent	14,830	(737)	1,448	711	955
CAPITAL EMPLOYED					
Share capital	4,098	4,098	4,098	4,098	4,098
Capital reserves	1,614	941	984	604	477
Revenue reserves	21,437	7,600	9,194	8,075	7,675
Minority interest	231	192	1,512	1,251	1,128
Total equity	27,381	12,831	15,787	14,028	13,377
Total debt	18,387	12,196	5,332	4,204	2,402
CAPITAL EMPLOYED	45,768	25,026	21,119	18,232	15,779
ASSETS EMPLOYED					
Property plant and equipment & right of use assets	7,131	6,428	3,998	3,833	3,632
Other non current assets and assets held for sale	1,511	1,575	1,461	937	900
Current assets	59,295	28,020	28,137	23,938	18,810
Liabilities net of debt	(22,169)	(10,996)	(12,478)	(10,477)	(7,563)
ASSETS EMPLOYED	45,768	25,026	21,119	18,232	15,779
CASH FLOW					
Cashflow from operating activities	(278)	1,896	809	(1,180)	347
Cashflow from / (used in) investing activities	(1,900)	(648)	(822)	(180)	(22)
Cashflow from / (used in) financing activities	1,638	665	1,067	1,040	168
Net increase / (decrease) in cash and cash equivalents	(222)	2,438	1,423	(237)	523
KEY INDICATORS					
Basic earnings per share (Rs.)	7.586	(0.377)	0.741	0.364	0.488
Finance cost cover (no. of times)	46.2	1.6	13.8	8.2	5.2
Net assets per share (Rs.)	13.89	6.47	7.30	6.54	6.27
Debt / equity ratio (%)	67.2%	95.1%	33.8%	30.0%	18.0%
Dividend payout (Rs. Millions)	977	0	293	293	293
Dividend payout ratio (%)	7%	0%	20%	41%	31%
Current ratio (no.of.times)	1.7	1.6	1.7	1.8	2.2
Market price per share (Rs.)	44.7	2.0	4.0	4.9	6.0

SHARE INFORMATION

A trading summary of the Expolanka Holdings PLC shares for the financial year ended 31st March 2021 is given as below;

Trading Summary 1st April 2020 – 31st March 2021

Number of shares in issue	1,954,915,000
Number of shares traded during the Year	2,811,676,415
Number of transactions for the Year	282,856
Value of Transactions for the year	58,790,223,547.80
Market Capitalisation as of 31st March 2021	87,352,516,500.00

Expo Share Performance

An analysis of the Expo Share performance over the last three years is reflected in the below table.

	31-March 2021	31-March 2020	31-March 2019
Highest (Rs.)	64.60	6.80	5.10
Lowest (Rs.)	1.70	1.80	3.80
Closing (Rs.)	44.70	2.00	4.00

The movement of the Expo Share price during the 4 quarters is given below.

	High	Low	Closing	Volume of shares Traded
1st Quarter	3.40	1.70	3.20	642,870,358
2nd Quarter	11.60	2.90	11.50	1,120,780,765
3rd Quarter	30.00	11.00	29.00	623,150,278
4th Quarter	64.60	29.20	44.70	424,875,014

Share Valuations

The Share Valuations are provided below for Expolanka Holdings PLC consolidated performance.

	2020/21	2019/20	2018/19	2017/18
Net Asset Per Share	13.89	6.47	7.30	6.54
Earnings Per Share	7.59	-0.38	0.74	0.36
Trailing P/E Multiple	5.89	-5.31	5.40	13.48
ROE	54.35%	-3.41%	12.09%	6.85%

Share Distribution

The Expo Share is owned by a base of 13,597 voting registered shareholders as at 31st March 2021. The Distribution of the Shares is reflected below;

Range of Shareholding	No. of Shareholders	No. of Shares	% of Shareholding
1-1,000	6,162	2,999,257	0.14
1,001-10,000	4,938	20,396,809	1.05
10,001-100,000	2,025	66,618,054	3.41
100,001-1,000,000	396	117,298,933	6.00
Over 1,000,000	43	1,747,601,947	89.40

SHARE INFORMATION

Float adjusted Market Capitalisation

As at	31.03.2021	31.03.2020
Public shareholding (%)	16.527%	24.28%
Public Shareholding	13,592	7,118
Float adjusted market capitalisation	14,442,069,452	949,424,018.90

Expolanka Holdings PLC is in compliant with the Minimum Public Holding requirement under option 1 as listed out in section 7B (a) of CSE Listing Rules.

Analysis of Shareholding

Resident / Non Resident

Range of Shareholding	No. of Shareholders	No. of Shares	% of Share
Resident	13,524	472,391,927	24.16
Non-Resident	73	1,482,523,073	75.84

Individuals / Institutional	No. of Shareholders	No. of Shares	% of Share
Individuals	13,029	368,119,817	18.83
Institutional	568	1,586,795,183	81.17

Public Holding of Shares

As of 31st March 2021, number of shares held by the public was 323,093,277shares which is 16.527% of the issued Share Capital. The total No. of Shareholders representing the public Holdings as at 31st March 2021 was 13,592

Shareholding by Directors

The following table indicates the Number of Shares held by the Board of Directors of the Company

Name	No. of Shares – 31st March 2021	No. of Shares – 31st March 2020
Mr. H Kanahori*	NIL	N/A
Mr. N Kawasaki*	NIL	NIL
Mr. H Yusoof	147,021,464	147,021,464
Mr. Ha Yo*	NIL	N/A
Mr. Y Matsubara*	NIL	NIL
Mr. Akira Oyama*	NIL	N/A
Mr. M Matzusono*	NIL	NIL
Mr. S Kulatunga	NIL	NIL
Mr. H Amarasekera	NIL	NIL
Total	147,021,464	147,021,464

* Mr. Naosuke Kawasaki, Mr. Motonori Matsuzono and Mr. Yoshifumi Matsubara resigned from the board of Expolanka Holdings PLC with effect from 30th June 2020 and Mr. Hitoshi Kanahori (Chairman), Mr. Ha Yo and Mr. Akira Oyama were appointed to the board with effect from 1st July 2020.

The Shareholding of the spouses and children under 18 years of the Directors

There is no shareholding of spouses and children of Directors, aged under 18 years and dependent

The Company proposes to adopt a dividend policy of 22% per annum of profit attributable to equity holders, subject to the availability of free cash flow and required Board and other necessary approvals.

Twenty Largest Shareholders as at 31st March 2021

The below table provides the details of the 20 Top Shareholders of Expolanka Holdings PLC as at 31st March 2021

Shareholder	31.03.2021		31.03.2020	
	Shares	%	Shares	%
SG HOLDINGS GLOBAL PTE.LTD	1,478,251,204	75.65	1,333,141,210	68.22
MR. H. YUSOOF	147,021,464	7.52	147,021,464	7.52
MR. F. KASSIM	23,402,484	1.20	23,560,811	1.21
NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	7,466,573	0.38	-	-
MR. S. SENTHILNATHAN	6,498,905	0.33	-	-
SAMPATH BANK PLC/ DR.T.SENTHILVERL	6,325,435	0.32	1,597,081	0.08
MR. G. RAMANAN	5,412,013	0.28	3,000	-
HATTON NATIONAL BANK PLC/ALMAS ORGANISATION(PVT) LTD	5,010,023	0.26	-	-
SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	4,650,000	0.24	9,499,000	0.49
PEOPLE'S LEASING & FINANCE PLC/HI LINE TRADING (PVT) LTD	3,747,176	0.19	100,000	0.01
MR. S. SELVARATNAM	3,650,000	0.19	-	-
COMMERCIAL BANK OF CEYLON PLC/G.S.N.PEIRIS	3,617,244	0.19	-	-
MR. P. MURALITHARAN	3,200,000	0.16	-	-
MR. D. SHERIFF	3,053,771	0.16	-	-
COMMERCIAL BANK OF CEYLON PLC/CAPITAL TRUST HOLDINGS LIMITED	3,009,324	0.15	-	-
HATTON NATIONAL BANK PLC/ANUJA CHAMILA JAYASINGHE	2,824,801	0.14	128,126	0.01
MR. D.A.D. JAYAMAHA	2,432,732	0.12	-	-
HOTEL INTERNATIONAL (PRIVATE) LIMITED	2,277,842	0.12	-	-
HATTON NATIONAL BANK PLC/SASHIMAAL RUHASH FERNANDO	2,246,269	0.11	-	-
ACUITY PARTNERS (PVT) LIMITED/MR.ELAYATHAMBY THAVAGNANASOORIYAM/MR.ELAYATHAMBY THAVAGNANASUNDARAM	2,055,996	0.11	-	-

CORPORATE INFORMATION

GRI 102-1, 102-3, 102-5

Name of Company
Expolanka Holdings PLC

Legal Form
The Company is a Public Limited Liability Company. Incorporated in Sri Lanka on 05th March 2003 as a Private Limited Liability Company under the Companies Act No. 17 of 1982 and re-registered on 11th November 2008 as a Public Limited Liability Company under the Companies Act No 07 of 2007. Currently ordinary shares have been listed on the Colombo Stock Exchange.

Company Registration Number
PB 744

Board of Directors
Hitoshi Kanahori – Chairman
Hanif Yusoof – Chief Executive Officer
Harsha Amarasekera
Sanjay Kulatunga
Ha Yo
Akira Oyama

Audit Committee
Sanjay Kulatunga – Chairman
Harsha Amarasekera

Related Party Transaction Review Committee
Sanjay Kulatunga – Chairman
Harsha Amarasekera

Remuneration Committee
Harsha Amarasekera – Chairman
Sanjay Kulatunga

Registered office of the Company
10, Milepost Avenue,
Colombo 03
Sri Lanka

Contact Details
P. O. Box 1162
10, Milepost Avenue
Colombo 03
Sri Lanka

Telephone : +94 11 4659500
Facsimile : +94 11 4659565
Internet : www.expolanka.com

Contact for Media
Marketing & Corporate Communications
Expolanka Holdings PLC
15 A, Clifford Avenue
Colombo 03
Sri Lanka

Telephone : +94 11 4659500
Facsimile : +94 11 4659565
Web : www.expolanka.com

Investor Relations
Expolanka Holdings PLC
15 A, Clifford Avenue
Colombo 03
Sri Lanka

Telephone : +94 11 4659500
Facsimile : +94 11 4659565
Web : www.expolanka.com
E mail : investor@expolanka.com

Bankers
Amana Bank
Bank of Ceylon
Commercial Bank
Habib Bank
Hatton National Bank
Hong Kong and Shanghai Banking Corporation
ICICI Bank Limited
National Development Bank
Nations Trust Bank
Pan Asia Bank Corporation
Peoples Bank
People's Leasing Finance PLC
Sampath Bank
Seylan Bank
Standard Chartered Bank

Company Secretaries
SSP Corporate Services (Private) Limited
P V 931
101, Inner Flower Road
Colombo 03
Sri Lanka

Telephone : +94 11 2573894, +94 11 2576871
Facsimile : +94 11 2573609

Company Auditors
Ernst and Young
Chartered Accountants
201, De Seram Place
P. O. Box 101
Colombo 10
Sri Lanka

NOTES

NOTICE OF MEETING

Notice is hereby given that the sixteenth Annual General Meeting of Expolanka Holdings PLC will be Held as a Virtual Meeting on Monday, 26th July 2021 at 1.30 p.m. for the following purposes

AGENDA

1. To consider and adopt the Annual Report of the Board of Directors on the Affairs of the Company and the Statements of Accounts for the financial year ended 31st March 2021 with the Report of the Auditors thereon.

2. To re-elect Mr. Sanjay Sumanthri Kulatunga, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.

3. To re-elect Mr. Shiran Harsha Amarasekera, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.

4. To re-elect Mr. Hanif Yusoof, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.

5. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors and authorise the Directors to determine their remuneration.

6. To authorise the Directors to determine contributions to charities for the financial year ending 31st March, 2022.

By Order of the Board of Expolanka Holdings PLC

S S P Corporate Services (Private) Limited
Secretaries

No.101, Inner Flower Road,
Colombo 03

14th June 2021

Note:-
A member is entitled to appoint a proxy to attend and vote instead of himself/herself and a Proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Head Office of the Company, No.15A, Clifford Avenue, Colombo 03.

FORM OF PROXY

I/We..of ....being a member /

members of Expolanka Holdings PLC hereby appoint (i)..

....

of...failing him/her

(ii). Mr. Hitoshi Kanahori, Chairman of Expolanka Holdings PLC or failing him any one of the Directors of the Company as *my/our proxy to vote as indicated hereunder for *me/us and on *my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on Monday, 26th July 2021 as a virtual meeting emanating from the Board Room of Expolanka Holdings PLC, at No.15A, Clifford Avenue, Colombo 03 at 1.30 P.M. and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

Please indicate your preference by placing a "X" against the resolution Number

		For	Against
1.	To consider and adopt the Annual Report of the Board of Directors on the Affairs of the Company and the Statements of Accounts for the financial year ended 31st March 2021 with the Report of the Auditors thereon	☐	☐
2.	To re-elect Mr. Sanjay Sumanthri Kulatunga, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.	☐	☐
3.	To re-elect Mr. Shiran Harsha Amarasekera, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.	☐	☐
4.	To re-elect Mr. Hanif Yusoof, who in terms of Article 94 of the Articles of Association of the Company retires at the Annual General Meeting as a Director.	☐	☐
5.	To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors and authorise the Directors to determine their remuneration.	☐	☐
6.	To authorise the Directors to determine contributions to charities for the financial year ending 31st March 2022.	☐	☐

Signed this.. day of ....Two Thousand and Twenty One.

Signature: ....

Note:
(a) *Please delete the inappropriate words.
(b) Instructions are noted on the reverse hereof.

....
NIC Number / Reg. No

....
(Signatures)

FORM OF PROXY

Please provide the following details

Full Name of the Shareholder : ....

CDS A/C No/ NIC No/Company Reg No : ....

E-Mail address : ....

Folio No/ No. of Shares held : ....

Full Name of the Proxy holder : ....

Proxy holder's ID No (if not a Director) : ....

Proxy holder's E-Mail address : ....

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy by filling in legibly your full name and address, your instruction as to voting, by signing in the space provided and filling in the date of signature.

2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the proxy in his/her discretion may vote as he/she thinks fit.

3. The completed Form of Proxy should be deposited at the Head Office of the Company at No.15A, Clifford Avenue, Colombo 03 at least 48 hours before the time appointed for the holding of the Meeting.

4. If the form of proxy is signed by an attorney, the relative power of attorney should accompany the form of proxy for registration, if such power of attorney has not already been registered with the Company

Note:
If the shareholder is a Company or body corporate, Section 138 of Companies Act No.7 of 2007 applies to Corporate Shareholders of Expolanka Holdings PLC. Section 138 provides for representation of Companies at meetings of Companies. A Corporation, whether a Company within the meaning of this act or not, may-where it is a member of another Corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represent as that Corporation could exercise if it were an individual shareholder.

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EXPOLANKA HOLDINGS PLC